



# Annual Results 2006

6 February 2007

## Safe harbor

Certain statements contained in this presentation constitute forward-looking statements. These statements may include, without limitation, statements concerning future results of operations, the impact of regulatory initiatives on our operations, our and our joint ventures' share of new and existing markets, general industry and macro-economic trends and our performance relative thereto, and statements preceded by, followed by or including the words “believes”, “expects”, “anticipates” or similar expressions. These forward-looking statements rely on a number of assumptions concerning future events and are subject to uncertainties and other factors, many of which are outside our control that could cause actual results to differ materially from such statements. A number of these factors are described (not exhaustively) in our 2005 Annual Report and Form 20-F. Our 2006 Annual Report and Form 20-F 2006 will be available in early March 2007.

All figures in this presentation are unaudited and based on IFRS as endorsed by the EU. This presentation contains a number of non-GAAP figures, such as EBITDA and free cash flow. These non-GAAP figures should not be viewed as a substitute for our GAAP figures. Our non-GAAP measures may not be comparable to non-GAAP measures used by other companies.

All market share information in this presentation is based on management estimates based on externally available information, unless indicated otherwise. Certain figures may be subject to rounding differences.

## Disclaimer

We define EBITDA as operating profit before depreciation and impairments of PP&E and amortization and impairments of intangible assets. The measure is used by financial institutions and credit-rating agencies as one of the key indicators of borrowing potential. Many analysts use EBITDA as a component for their (cash flow) projections. Note that our definition of EBITDA deviates from the literal definition of earnings before interest, taxes, depreciation and amortization. Either definition of EBITDA has limitations as an analytical tool and you should not consider it in isolation or as a substitute for analysis of our results as reported under IFRS or US GAAP.

We use EBITDA as a component of our guidance. In view of the possible volatility of impairments under IFRS, we believe that this is the most appropriate way of informing the financial markets on certain aspects of future company financial development. We do not view EBITDA as a measure of performance. In all cases, a reconciliation of EBITDA and the nearest GAAP measure (operating result) is provided.

We define Free cash flow as “Cash flow from operating activities” minus “Capital expenditures”, being expenditures on PP&E and software. Going forward, Free cash flow will include proceeds from real estate.

## Agenda

<b>Chairman's review</b>	<b>Ad Scheepbouwer, Chairman and CEO</b>
Financial review	Marcel Smits, CFO
Operating review	Ad Scheepbouwer, Chairman and CEO
Concluding remarks	Ad Scheepbouwer, Chairman and CEO

## Highlights 2006

- Continued strong performance across the group in challenging markets
  - Growth in revenues and EBITDA in Mobile ahead of declines in Fixed
  
- Mobile strategy delivering profitable growth in all three countries
  - E-Plus fastest growing operator in the German market
  - KPN Mobile the Netherlands continued to outperform the market
  - BASE increased market share and margin
  
- Fixed division resilient
  - Slow down in net line loss rate, supported by strong growth in VoIP
  - Continued growth in broadband and TV
  - Position in Business strengthened with acquisitions and contract wins
  
- All-IP transformation on track
  - Progress on strategic priorities
  - FTE reduction on track

## Financial highlights

- Raised 2006 guidance met on all metrics
  - Revenues and other income up 1.0% to € 12.1 bn, or 1.3% as per guidance definition<sup>1</sup>
  - EBITDA up 2.4% to € 4.8 bn, or 5.4% as per guidance definition<sup>1</sup>
  - Capex of € 1.7 bn
  - Continued strong free cash flow of € 2.4 bn
  
- Shareholder returns of € 2.6 bn in 2006
  - € 1.6 bn share repurchases including € 0.8 bn buy back from Dutch State
  - € 1.0 bn dividend paid

<sup>1</sup> Excluding restructuring charges and book gains / losses over €20 mn, brand unification costs and Telfort integration costs

# All-IP transformation program

Impact on reported results

	All-IP transformation 2007 – 2009	All-IP transformation of which 2007	EBITDA impact 2007
<b>Restructuring expenses</b>	€ 300 – 400 mn	€ 100 – 150 mn	-/- € 100 – 150 mn
<b>All-IP project costs</b>	€ 150 – 200 mn	€ 50 – 100 mn	-/- € 50 – 100 mn
<b>Sale real estate (Book gains)</b>	~ € 1,000 mn (~ € 600 mn)	€ 100 – 200 mn (€ 75 – 150 mn)	+ € 75 – 150 mn
<b>FTE reductions</b>	~ 4,500	1,200 – 1,500	–

## Outlook 2007

	2006 reported	Outlook 2007 <sup>1</sup>
Revenues and other income	€ 12,057 mn	Flat
EBITDA <sup>2</sup>	€ 4,837 mn	Flat
Capex	€ 1,650 mn	€ 1.6 – 1.8 bn
Free cash flow <sup>3</sup> 2007 – 2009	€ 2,477 mn	> € 2.0 bn per year

1 Excluding iBasis and Tiscali

2 Defined as Operating result plus depreciation, amortization & impairments

3 Defined as net cash flow from operating activities minus Capex plus real estate proceeds

## Shareholder returns

Expected € 2.0 bn free cash flow of 2007 already advised to shareholders

### 2006

- Proposed 2006 dividend of €0.50 per share, up 11%
  - Final 2006 dividend of €0.34 per share
  - €975 mn dividend over FY 2006
- €1.6 bn share repurchases in 2006
  - 83 mn shares in buy back program
  - 80 mn shares from Dutch State
- In total 23% of outstanding shares cancelled since March 2004

### 2007

- No intention to hold unutilized surplus cash balances
- Total dividend for FY 2007 at least €950 mn
- €1.0 bn allocated to share repurchases for 2007
- Dividend per share enhanced by continued share repurchases

# Fixed-Mobile integration

Organizational restructuring in the Netherlands to enhance customer focus

## Market driven integration

- Many customers buying both Fixed and Mobile services at KPN
- Strong demand for integrated services in Business
- Cross and up-selling opportunities
- Distinction fading between wireline / wireless services due to IP

## Building our future

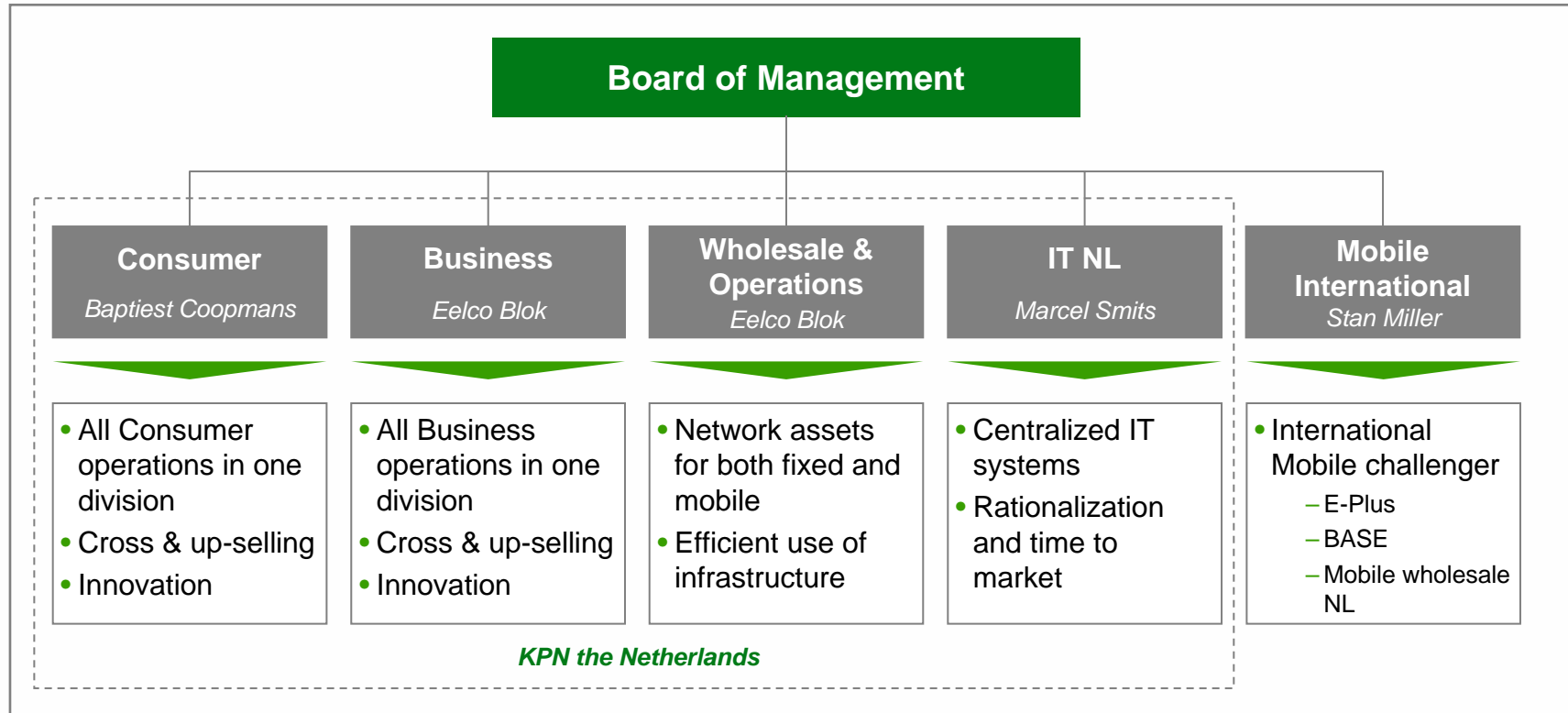
- Pilots in Fixed-Mobile integration with promising positive results
- Leveraging mobile presence vis-à-vis cable
- Many customer facing staff already working for both Fixed & Mobile
- Optimal infrastructure at competitive costs
- Multimedia company for consumers
- Managed-ICT company for business customers

## Financial benefits

- Higher revenues from enhanced customer focus
- Lower operating costs resulting from efficient infrastructure
- Lower Capex by migrating to All-IP and sharing infrastructure between Fixed and Mobile

# Fixed-Mobile integration

KPN the Netherlands now organized along Consumer and Business divisions



- New organizational structure KPN the Netherlands effective as of 1 January 2007
- Analyst seminar on restatement on 4 April
- Q1 2007 results based on new reporting structure on 8 May

# Capabilities

Key enabler for successful execution of our strategy

## Customer management

- Cross & up-selling
- CLM and CRM



## Distribution

- Multi channels
- Partnerships



## Branding

- Multi branding
- Multiple propositions



## Customer centric

- Consumer
- Business
- Wholesale



## Execution

- Operational excellence
- Information technology



# IT Transformation

Continued simplification to improve time to market, customer focus and lower costs

## Achievements to date

- Simplified organization
- IT simplification through lower number of IT systems
- Implemented: network management and administration

## Simplification objectives

### Time to market

- Alignment with product lifecycle management
- Real-time interaction between IT systems

### Cost reduction

- Rationalisation, switching off legacy systems
- FTE reductions

### Customer focus

- Improve data quality and availability
- Single view on customer data
- Laying foundation for extracting CLM & CRM benefits

## Next steps

- Further reduce number of legacy applications
- IT centralization

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# Group results

€ mn	Q4 '06	Q4 '05	%	FY '06	FY '05	%
<b>Revenues and other income</b>	<b>3,039</b>	<b>3,166</b>	<b>-4%</b>	<b>12,057</b>	<b>11,936</b>	<b>1%</b>
– of which Revenues	3,022	3,074	-2%	11,941	11,811	1%
<b>Operating expenses</b>	<b>2,672</b>	<b>2,471</b>	<b>8%</b>	<b>9,834</b>	<b>9,588</b>	<b>3%</b>
– of which Depreciation <sup>1</sup>	439	483	-9%	1,832	1,882	-3%
– of which Amortization <sup>1</sup>	346	141	>100%	782	494	58%
<b>Operating result</b>	<b>367</b>	<b>695</b>	<b>-47%</b>	<b>2,223</b>	<b>2,348</b>	<b>-5%</b>
Financial income/(expense)	-161	-139	16%	-520	-547	-5%
Share of profit of associates	0	4	-	7	13	-46%
<b>Profit/(Loss) before taxes</b>	<b>206</b>	<b>560</b>	<b>-63%</b>	<b>1,710</b>	<b>1,814</b>	<b>-6%</b>
Taxes	220	62	>200%	-127	-360	-65%
<b>Profit/(Loss) after taxes<sup>2</sup></b>	<b>426</b>	<b>622</b>	<b>-32%</b>	<b>1,583</b>	<b>1,454</b>	<b>9%</b>
Profit minority shareholders	-1	4	-	0	17	-
Profit equity holders of the parent	427	618	-31%	1,583	1,437	10%
<b>Earnings per share<sup>3</sup></b>	<b>0.22</b>	<b>0.29</b>	<b>-24%</b>	<b>0.79</b>	<b>0.66</b>	<b>20%</b>
<b>EBITDA<sup>4</sup></b>	<b>1,152</b>	<b>1,319</b>	<b>-13%</b>	<b>4,837</b>	<b>4,724</b>	<b>2%</b>

- Q4 '06 results impacted by fiscal reorganization of Telfort, with a **negative net result** impact of € 75 mn
- Q4 '05 result impacted by transaction with NTT DoCoMo, pension curtailments and DTA adjustment in BASE, with combined **positive net result** impact of € 274 mn as previously disclosed

1 Including impairments

2 Quarterly net result 2005 and 2006 changed after new accounting policy for derivatives, please refer to Annex for detailed reconciliation

3 Defined as Profit after taxes per ordinary share / ADS on a non-diluted basis (in €)

4 Defined as Operating result plus depreciation, amortization & impairments

## Notable items

Impact on 2006 and 2005 P&L

2005	Impact on		
	Quarter	Revenues	EBITDA
• Book gain on NTT DoCoMo	Q4	✓	✓
• Pension curtailment	Q4		✓
• Restructuring charges	Q1 – Q4		✓
• Deferred Tax Asset BASE	Q4		
• Lower Dutch corporate tax rate	Q4		
2006			
• Book gains Xantic disposal	Q1	✓	✓
• Restructuring charges	Q1 – Q4		✓
• Telfort integration costs	Q1 – Q4		✓
• Brand unification costs	Q1 – Q4		✓

New Q4 '06 (no impact on revenues / EBITDA)
<ul style="list-style-type: none"> <li>• Telfort fiscal restructuring               <ul style="list-style-type: none"> <li>– € 175 mn goodwill adjustment (amortization)</li> <li>– € 100 mn net effect in income tax</li> </ul> </li> <li>• Change in accounting policy for derivatives               <ul style="list-style-type: none"> <li>– No impact on FY '05, € 21 mn positive impact on Q4 '05</li> <li>– € 61 mn negative impact on FY '06</li> </ul> </li> <li>• Lower Dutch corporate tax rate (income tax)               <ul style="list-style-type: none"> <li>– € 148 mn benefit</li> </ul> </li> </ul>

1 Please refer to Annex for detailed reconciliation (Notable items Q4 '06)

## Group comparison on guidance basis<sup>1</sup>

€ mn	Q4 '06	Q4 '05	%	FY '06	FY '05	%
<b>Revenues and other income</b>	<b>3,033</b>	<b>3,056</b>	<b>-1%</b>	<b>11,983</b>	<b>11,826</b>	<b>1%</b>
– Fixed	1,680	1,734	-3%	6,647	6,883	-3%
– Mobile	1,661	1,570	6%	6,450	5,747	12%
– Other	17	52	-67%	75	255	-71%
<b>EBITDA<sup>2</sup></b>	<b>1,178</b>	<b>1,160</b>	<b>2%</b>	<b>4,874</b>	<b>4,623</b>	<b>5%</b>
– Fixed	624	661	-6%	2,603	2,826	-8%
– Mobile	570	474	20%	2,281	1,728	32%
– Other	-16	25	-	-10	69	-

### Fixed

- Revenue decrease due to MTA
- Contribution from acquisitions to revenue growth about 1%
- Savings from headcount reductions offset by temporarily higher costs for new services

### Mobile

- Strong organic growth all three operators
- Material contribution Telfort, consolidated as of Q4 2005

### Other

- Xantic deconsolidation
- Fixed - Mobile integration costs

<sup>1</sup> Please refer to Annex for detailed reconciliation (Notable items Q4 '06 / FY '06)

<sup>2</sup> Defined as Operating result plus depreciation, amortization & impairments

# Performance versus Guidance<sup>1</sup>

Raised guidance met on all metrics

Outlook FY 2006	7 February announcement	31 October update	FY '06
<b>Revenues and other income<sup>2</sup></b>	Low single digit increase	Low single digit increase	1.3%
<b>EBITDA<sup>2,3</sup></b>	Flat	Mid single digit increase	5.4%
<b>Capex</b>	€ 1.6 - € 1.8 bn	€ 1.7 – € 1.8 bn	€ 1.7 bn
<b>Free cash flow<sup>4</sup></b>	> € 2.0 bn	> € 2.4 bn	> € 2.4 bn

- 1 Please refer to the Annex for detailed reconciliation
- 2 Excluding restructuring charges and book gains / losses over € 20 mn, brand unification costs and Telfort integration costs
- 3 Defined as Operating result plus depreciation, amortization & impairments
- 4 Defined as Net cash flow from operating activities minus Capex

( <i>€ mn</i> )	Revenues and other income <sup>2</sup>		EBITDA <sup>2,3</sup>	
	FY '06	FY '05	FY '06	FY '05
<b>Reported</b>	<b>12,057</b>	<b>11,936</b>	<b>4,837</b>	<b>4,724</b>
Book gains	-74	-110	-74	-110
Restructuring charges			71	92
Pension curtailment				-83
Telfort integration costs			24	
Brand unification costs			16	
<b>Comparison with guidance</b>	<b>11,983</b>	<b>11,826</b>	<b>4,874</b>	<b>4,623</b>
	<b>1.3%</b>		<b>5.4%</b>	

# Group cash flow FY '06

Strong free cash flow delivered

€ mn	FY '06	FY '05	%
<b>Operating result</b>	<b>2,223</b>	<b>2,348</b>	<b>-5.3%</b>
Depreciation and amortization <sup>1</sup>	2,614	2,376	10.0%
Interest paid/received	-479	-484	-1.0%
Tax paid/received	147	-24	-
Other income	-116	-151	-23.2%
Change in provisions <sup>2</sup>	-176	-248	-29.0%
Change in working capital	-142	16	-
<b>Net cash flow from operating activities</b>	<b>4,071</b>	<b>3,833</b>	<b>6.2%</b>
<b>Capex<sup>3</sup></b>	<b>1,650</b>	<b>1,394</b>	<b>18.4%</b>
<b>Free cash flow<sup>4</sup></b>	<b>2,421</b>	<b>2,439</b>	<b>-0.7%</b>
Dividend paid	982	890	10.3%
Share repurchases	1,615	1,697	-4.8%
<b>Cash return to shareholders</b>	<b>2,597</b>	<b>2,587</b>	<b>0.4%</b>

- Free cash flow of €2.4 bn
- Cash flow from operations up 6.2%
  - €219 mn one-off tax cash inflow in Q1 (€65 mn outflow in Q4)
  - Partly offset by cash outflow from working capital movement
- Capex of €1.7 bn, up 18%
  - E-Plus indoor coverage investments
  - Initial deployment All-IP: service platforms and (VDSL) pilots
- €2.6 bn shareholder returns
  - €1.6 bn share repurchases of which €0.8 bn from Dutch State
  - €1.0 bn dividend paid in 2006
- 2005 share repurchases contains ~ €0.5 bn carry over from 2004

1 Including impairments

2 Excluding changes in deferred taxes

3 Including Property, Plant & Equipment and software

4 Defined as Net cash flow from operating activities minus Capex

## Group cash flow Q4 '06

€ mn	Q4 '06	Q4 '05	%
<b>Operating result</b>	<b>367</b>	<b>695</b>	<b>-46.8%</b>
Depreciation and amortization <sup>1</sup>	785	624	-25.8%
Interest paid/received	-228	-258	-11.6%
Tax paid/received	-66	-5	>200%
Other income	-17	-118	-85.6%
Change in provisions <sup>2</sup>	-54	-120	-55.0%
Change in working capital	28	151	-86.8%
<b>Net cash flow from operating activities</b>	<b>815</b>	<b>969</b>	<b>-15.9%</b>
<b>Capex<sup>3</sup></b>	<b>533</b>	<b>469</b>	<b>13.6%</b>
<b>Free cash flow<sup>4</sup></b>	<b>282</b>	<b>500</b>	<b>-43.6%</b>
Dividend paid	-	-	-
Share repurchases	101	468	-78.4%
<b>Cash return to shareholders</b>	<b>101</b>	<b>468</b>	<b>-78.4%</b>

- € 65 mn Dutch corporate income tax paid on historic years
- Lower inflow from working capital movement due to higher creditor payments
- Capex up 14%
  - UMTS/HSDPA deployment in Mobile the Netherlands
  - Investments in new IP-based services
- € 101 mn dividend tax paid related to share repurchases from Dutch State

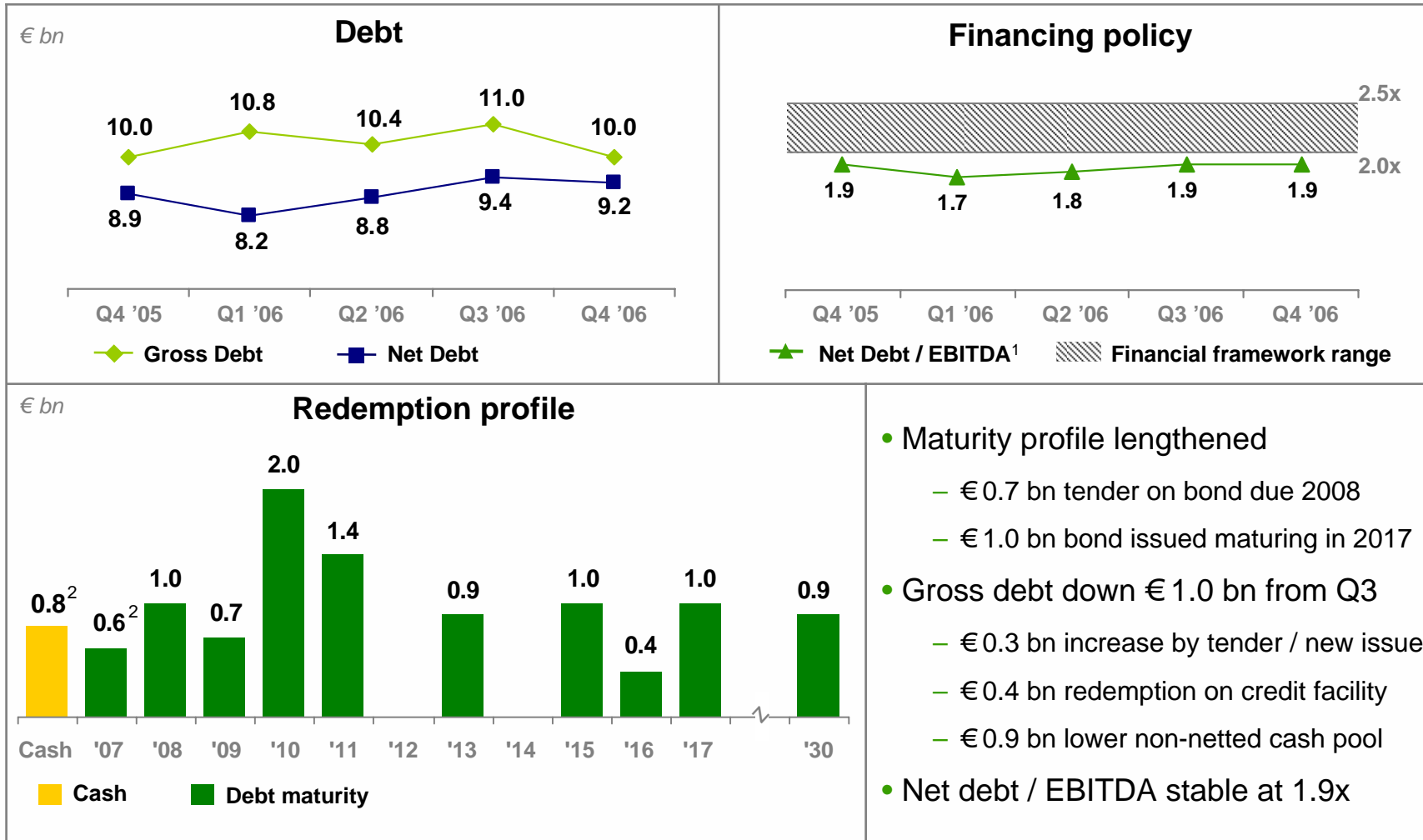
1 Including impairments

2 Excluding changes in deferred taxes

3 Including Property, Plant & Equipment and software

4 Defined as Net cash flow from operating activities minus Capex

# Group financial profile



1 Based on 12 month rolling calculation excl. restructuring charges and book gains/losses over €20 mn, brand unification costs and Telfort integration costs  
 2 Both cash and gross debt include approximately €0.4 bn of non-netted cash balances per Q4 '06

# Tax

- Dutch corporate tax rate lowered from 29.1% to 25.5% as of 1 January 2007
  - € 148 mn release of net deferred taxes in Q4 2006
- Improved tax position due to Telfort fiscal restructuring, exchanging NOLs with restricted carry forward for depreciable goodwill / assets
  - € 175 mn goodwill adjustment
  - € 100 mn net effect in income tax
- Expected to pay approximately € 300 mn Dutch corporate tax in 2007
- For the medium term, Dutch corporate tax payments estimated at € 700 – 800 mn per year
  - Dutch corporate tax roughly equal to 25.5% of Dutch profit before tax, plus 25.5% of E-Plus EBITDA (recapture mechanism)
  - No material tax payments in Germany and Belgium
- For more details please refer to separate tax paper

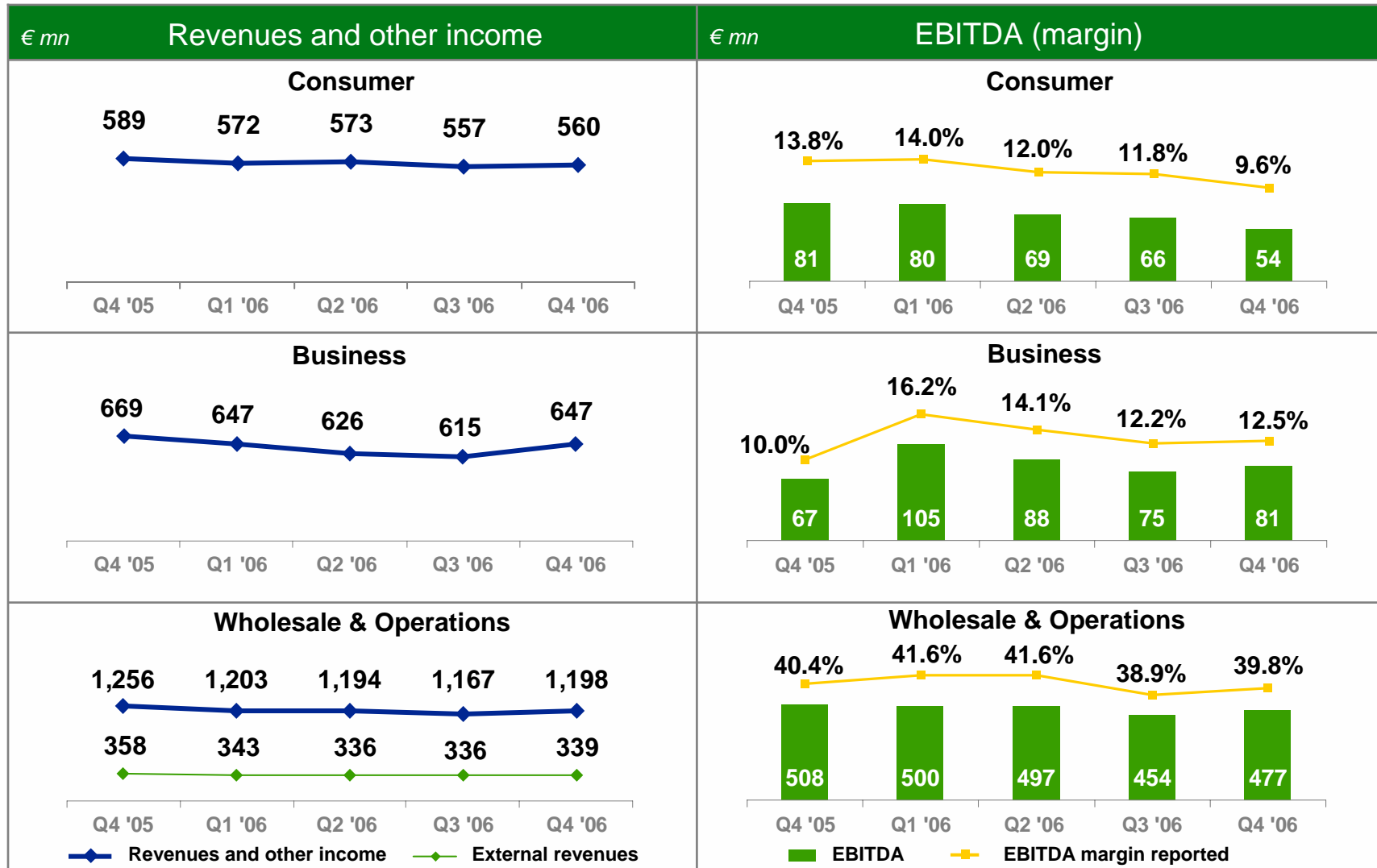
## Financial highlights Fixed

Resilient performance against a tough market

€ mn	Q4 '06	Q4 '05	FY '06	FY '05
Revenues and other income	1,680	1,734	6,647	6,883
<i>% change</i>	-3.1%		-3.4%	
Operating expenses	1,368	1,391	5,245	5,367
– of which D&A	294	311	1,172	1,276
Operating result	312	343	1,402	1,516
EBITDA	606	654	2,574	2,792
<i>% change</i>	-7.3%		-7.8%	
<b>EBITDA margin</b>	<b>36.1%</b>	<b>37.7%</b>	<b>38.7%</b>	<b>40.6%</b>

- Revenues and other income down by 3.4% Y-on-Y and EBITDA margin of 38.7%
  - MTA impact of € 158 mn, or 2.3% of revenues
  - Impact of line loss in consumer market
  - Revenue share of new services increased to 26%, up 7% points Y-on-Y
  - Investments for new business e.g. VoIP, TV and IP-VPN / E-VPN
- Reassessment of balances due in segment Business booked in Q4 '06
  - In total € 23 mn, or 1.4% revenue impact and 3.8% EBITDA impact
- € 35 mn OPTA fine and settlement with competitors in Q4 '05

# Operating review Fixed by segment



## Financial highlights Mobile

Revenues and margin up in all three countries

€ mn	Q4 '06	Q4 '05	FY '06	FY '05
Revenues and other income	1,661	1,680 <sup>2</sup>	6,450	5,857 <sup>2</sup>
<i>% change</i>	-1.1%		10.1%	
– of which Service revenues <sup>1</sup>	1,580	1,454	6,128	5,327
<i>% change</i>	8.7%		15.0%	
Operating expenses	1,582	1,408	5,645	5,100
– of which D&A	487	311	1,430	1,078
Operating result	79	272	805	757
EBITDA	566	583 <sup>2</sup>	2,235	1,835 <sup>2</sup>
<i>% change</i>	-2.9%		21.8%	
<b>EBITDA margin</b>	<b>34.1%</b>	<b>34.7%</b>	<b>34.7%</b>	<b>31.3%</b>

- € 110 mn impact on revenues and EBITDA from NTT DoCoMo transaction in Q4 '05
- Accelerated depreciation of Telfort network as of Q2 '06
- € 175 mn adjustment of goodwill in relation to Telfort fiscal reorganization in Q4 '06

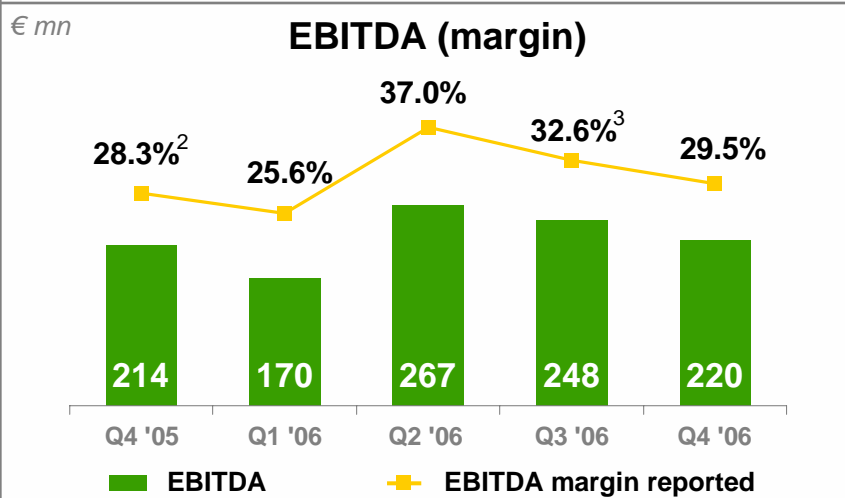
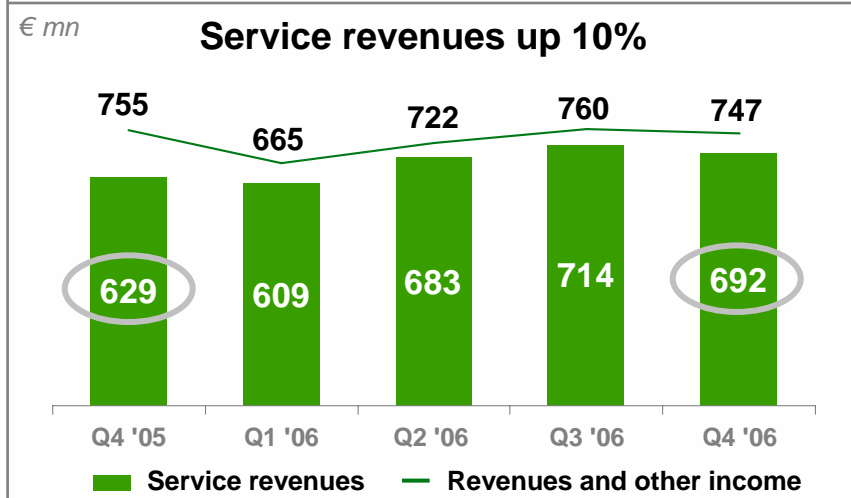
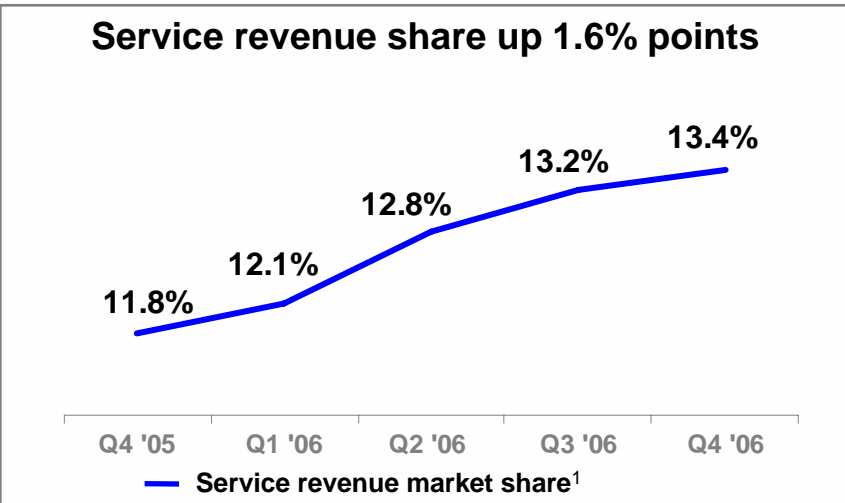
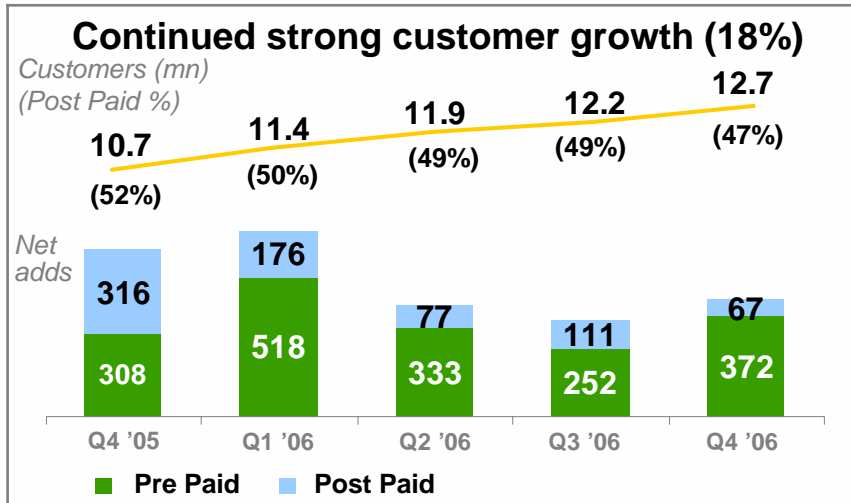
- **E-Plus:** Fastest growing operator in the German market
- **KPN Mobile NL:** Still outperforming the market
- **BASE:** Increased market share and margin

1 Revenues and other income minus equipment sales and other income

2 Includes € 110 mn NTT DoCoMo book gain: according to guidance definition, revenues up 6% and EBITDA up 20% in Q4

# Operating review E-Plus

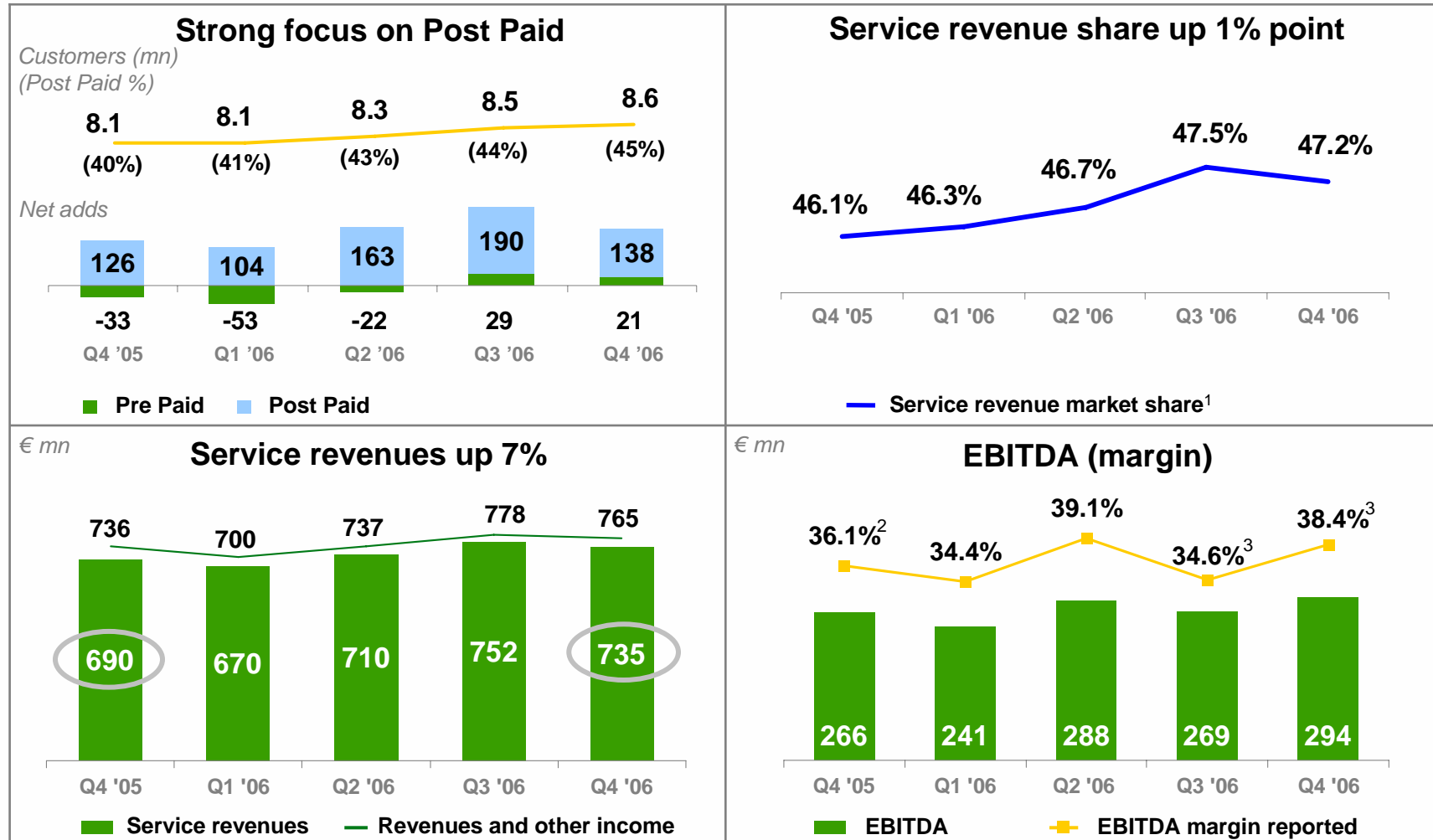
Fastest growing operator in the German market



1 Management estimates, based on service revenues  
 2 Excluding €38 mn from NTT DoCoMo settlement: 24.5%  
 3 Excluding €23 mn restructuring costs: 35.7%

# Operating review KPN Mobile the Netherlands

Continued to outperform the market



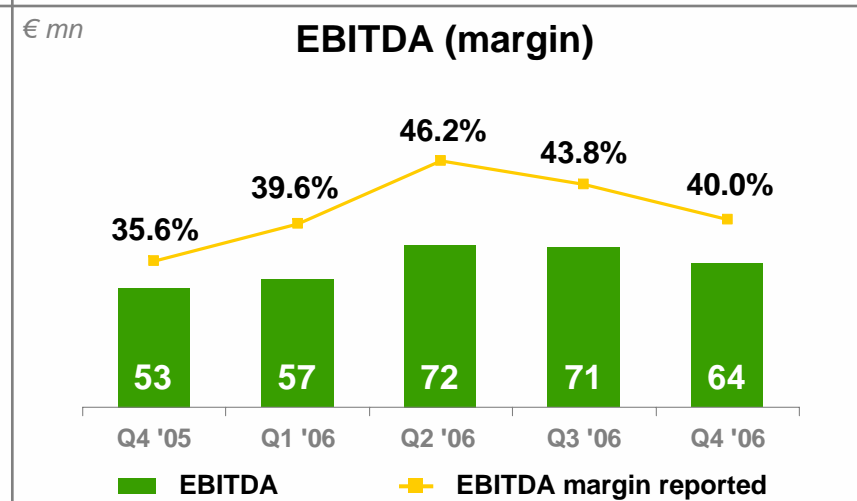
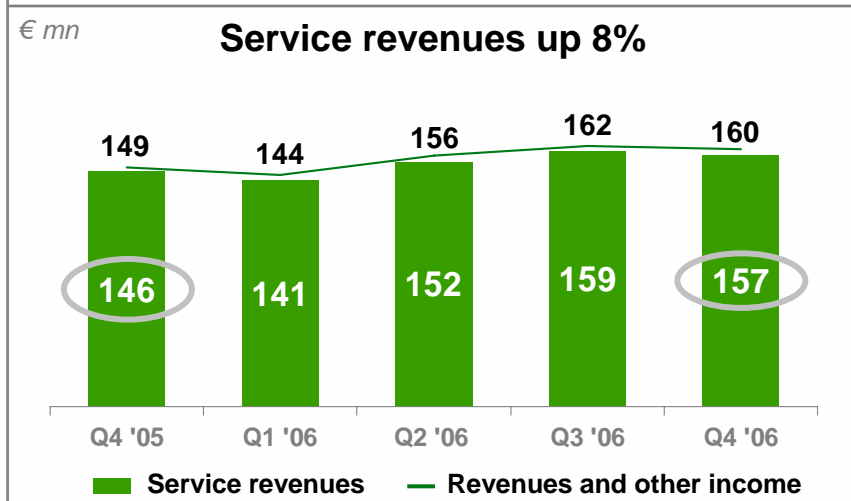
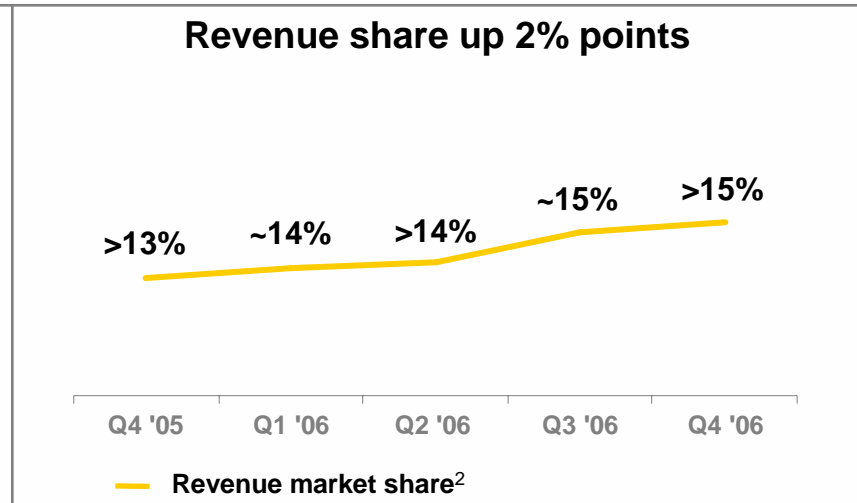
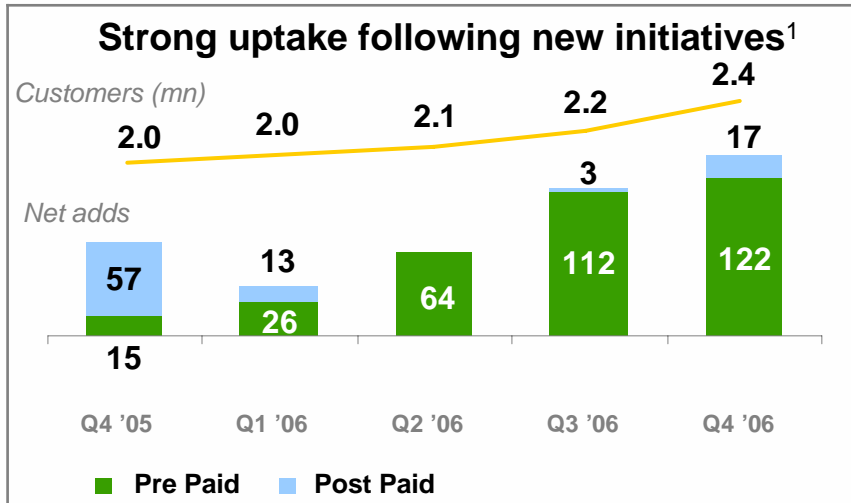
1 Management estimates, amongst others based on revenues as per industry filings

2 Excluding €13 mn from NTT DoCoMo settlement: 35.0%

3 Excluding €18 mn Telfort integration costs for Q3 '06 and €6 mn for Q4 '06, totaling €24 mn in 2006: 36.9% in Q3 '06 and 39.2% in Q4 '06

# Operating review BASE

Increased market share and margin



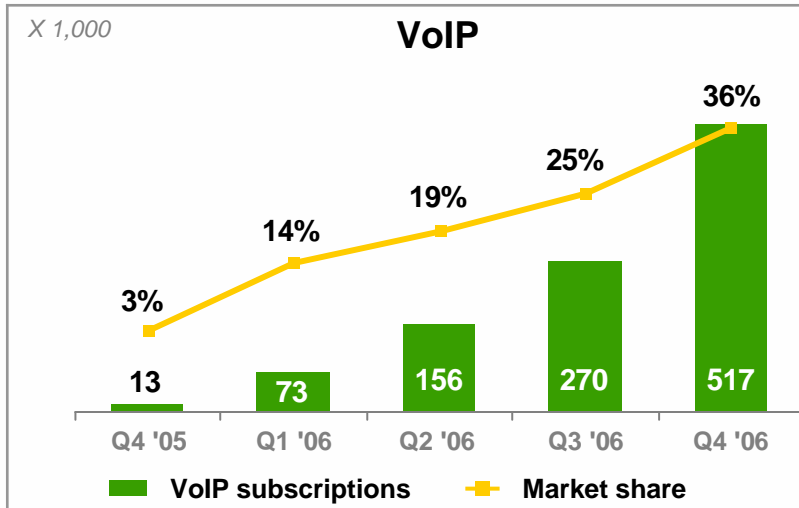
1 Reclassification of wholesale partnerships as of Q1 '06, affecting Post Paid vs. Pre Paid breakdown  
 2 Management estimates, based on revenues

## Agenda

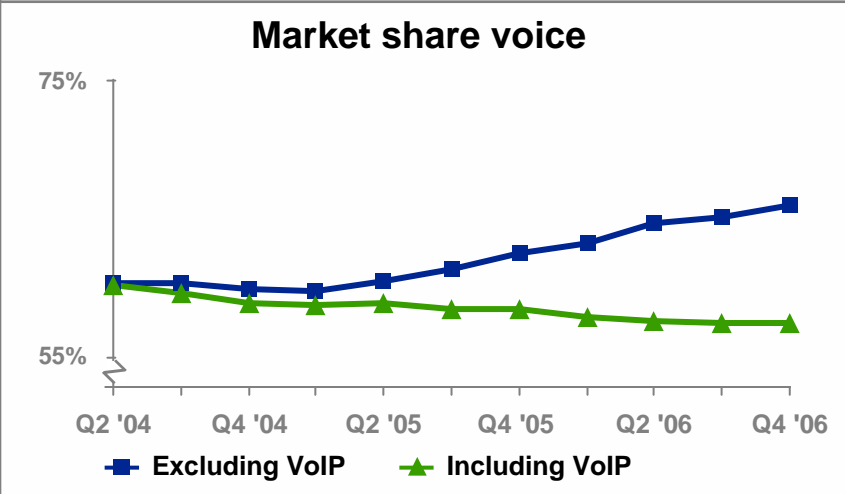
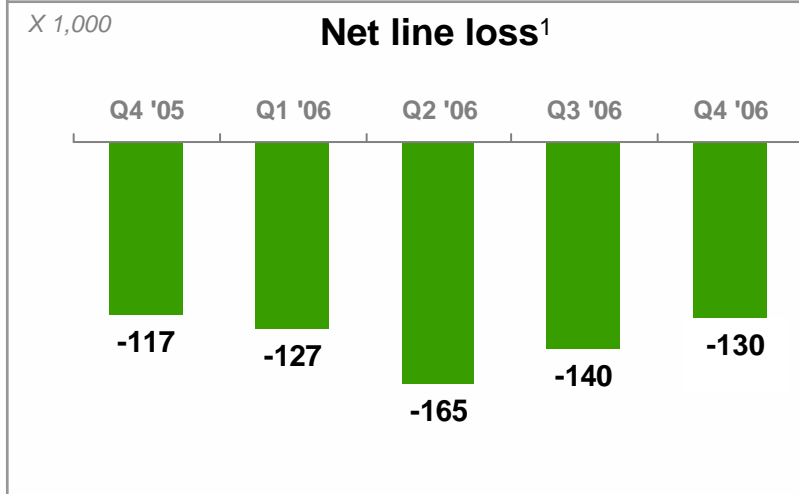
Chairman's review	Ad Scheepbouwer, Chairman and CEO
Financial review	Marcel Smits, CFO
<b>Operating review</b>	<b>Ad Scheepbouwer, Chairman and CEO</b>
	<b>Fixed</b>
	Mobile
Concluding remarks	Ad Scheepbouwer, Chairman and CEO

# Consumer voice

Slow down in net line loss rate, supported by strong growth in VoIP



- Continued strong demand for KPN VoIP
  - Leading position in rapidly growing VoIP market
  - Customers almost doubled in Q4 to 517k
  - All brands contributing to growth
- Rapid growth stretching delivery capabilities
- Net line loss slowed down to -/- 130k
- Market share traditional voice still rising



1 PSTN / ISDN line loss -/- growth VoIP Consumer -/- growth ADSL only; management estimates

## Consumer voice

Actions taken to improve customer service for VoIP

### Background

- Strong demand for KPN VoIP products
- Up to 20,000 orders per week, beyond normal capacity
- 95% of applications handled smoothly

### Issues

- Approximately 5% installations leading to customer complaints
- Long waiting times at call centres
- Not enough engineers to install VoIP at customer's homes

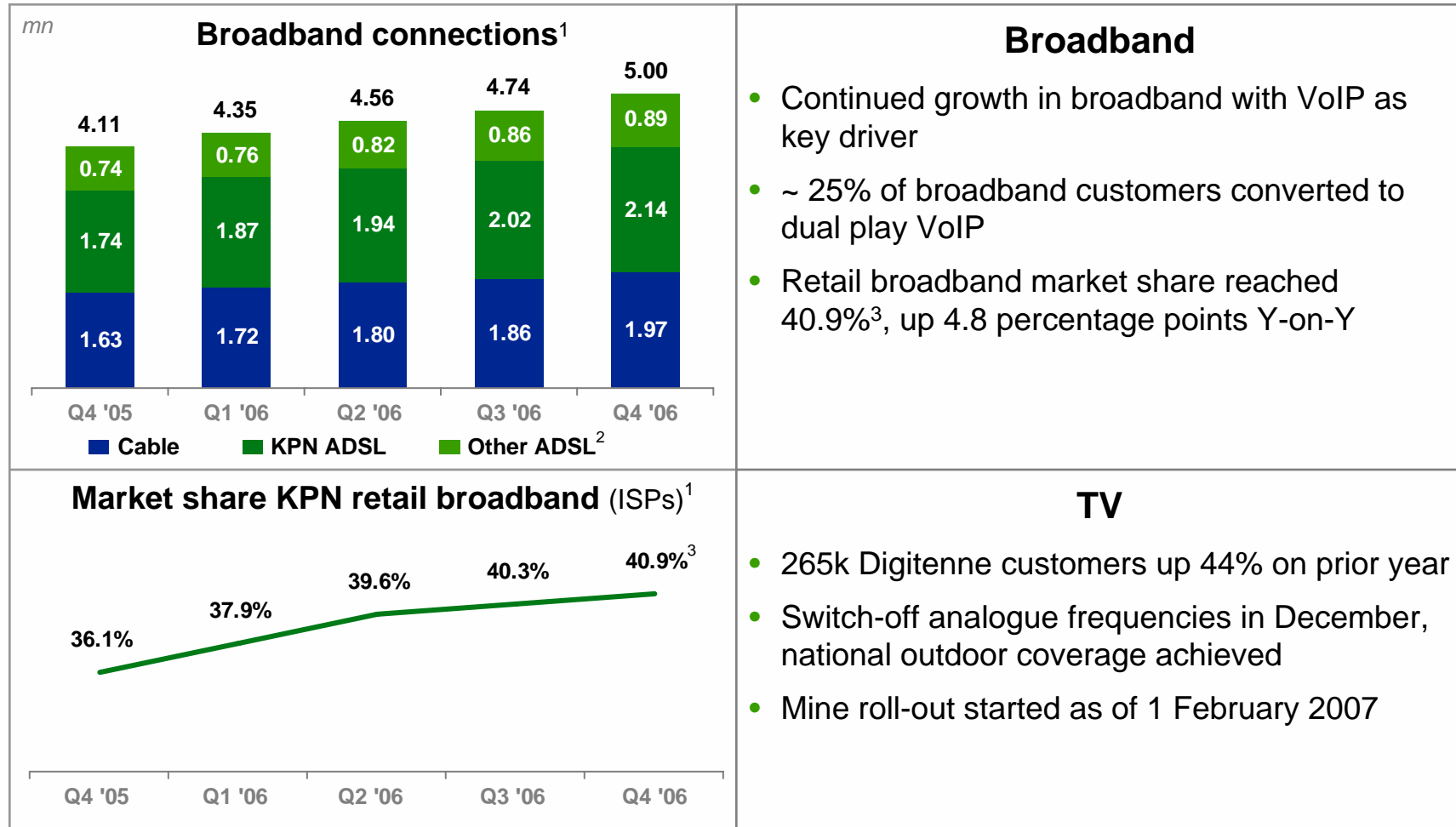
### Actions taken

- Specialized customer service team to handle complex complaints
- Capacity at call centres doubled over the past months
- Number of engineers available for installations increased to 350

**Order intake slightly reduced**  
**Improved customer service in the very near future**

# Consumer broadband and TV

Continued broadband growth, step-up momentum Digitenne



1 Based on management estimates, approximately 80% consumers and 20% businesses

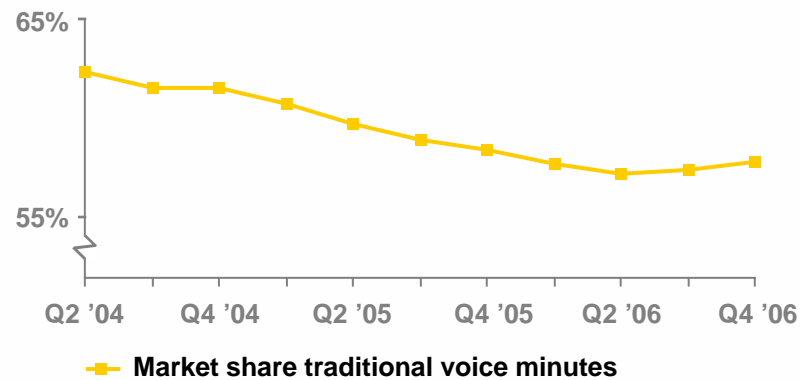
2 Excluding Bitstream

3 Excluding ~4% retail broadband market share of Tiscali, pending regulatory approval

# Business market

Successful move into IP-based services in both voice and data

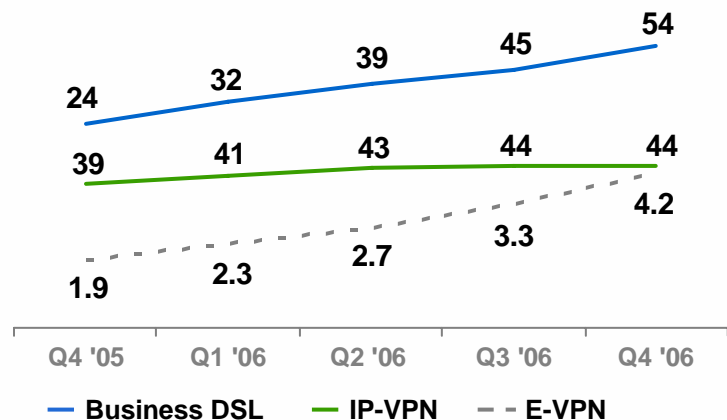
## Traditional voice



- Traditional voice market share trend reversed
- VoIP for SME introduced in Q2 '06
- Introduction of VoIP Connect for corporates
  - Integrated solution for both voice (VoIP) and data (WAN)
  - First contracts signed and being implemented

X 1,000

## Data – IP-based services



## Strengthened position

- Continued growth in IP-based services, e.g. IP-VPN, E-VPN and Business DSL
- Several ICT companies acquired in 2006, e.g. CSS Telecom, Newtel Essence and Gemnet
- Contract wins: ING, Olympia, Veolia



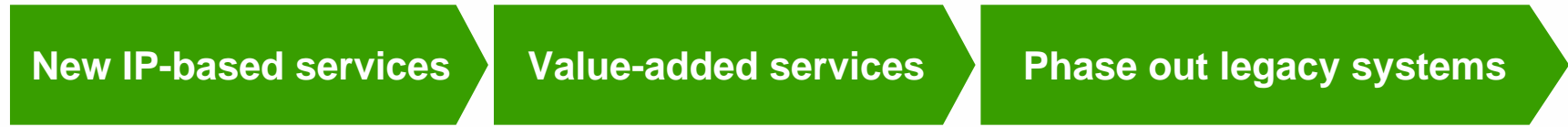
# All-IP update

Good progress on objectives of March 2005 strategy

	Objectives March '05	Achievements
<b>Attack</b>	<ul style="list-style-type: none"> <li>• Drive new revenue streams</li> </ul>	<ul style="list-style-type: none"> <li>• 517k VoIP customers, over 2.0 mn broadband customers</li> <li>• 265k DVB-T customers, IPTV capability in place</li> <li>• Business VoIP and VoIP Connect launched</li> <li>• Applications in narrowcasting, healthcare and security</li> <li>• Intended merger with iBasis</li> <li>• ADSL coverage 99%, ADSL2+ coverage 57% and VDSL pilots</li> </ul>
<b>Defend</b>	<ul style="list-style-type: none"> <li>• Maintain leading share in traditional markets</li> <li>• Leverage scale advantage through wholesale markets</li> </ul>	<ul style="list-style-type: none"> <li>• Successful CPS winback, market share traditional up to 67%</li> <li>• Simplified pricing schemes traditional consumer voice</li> <li>• New business pricing schemes, stabilizing voice market share</li> <li>• Wholesale ADSL launched</li> </ul>
<b>Exploit</b>	<ul style="list-style-type: none"> <li>• Achieve structurally lower cost base</li> <li>• Fixed-Mobile integration</li> </ul>	<ul style="list-style-type: none"> <li>• FTE reduction and savings on track to meet overall objectives</li> <li>• IT organization centralized, partly outsourced</li> <li>• Implementation of Ethernet backbone and platforms for VoIP, IPTV and business applications</li> <li>• Directional support from OPTA for All-IP</li> <li>• New organizational structure with enhanced customer focus</li> </ul>

# Services transition

Gradual phase out of legacy systems and step-up of IP-based services

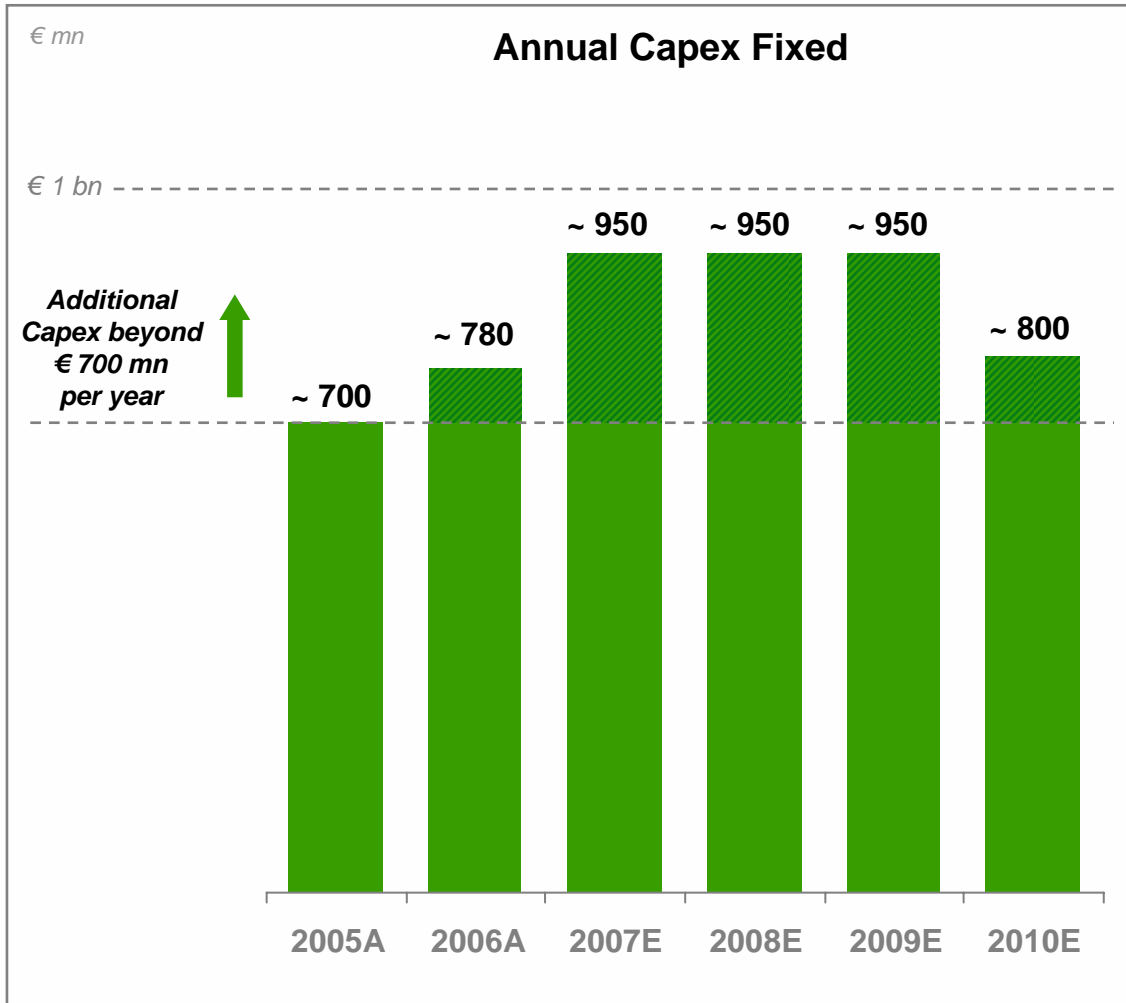


		Consumer				Business				
<p><b>Voice</b></p> <ul style="list-style-type: none"> <li>• PSTN / ISDN</li> <li>• Mobile</li> </ul>		<p><b>Data</b></p> <ul style="list-style-type: none"> <li>• ADSL</li> <li>• Dial-up internet</li> </ul>	<p><b>TV</b></p> <ul style="list-style-type: none"> <li>• DVB-T</li> </ul>	<p><b>IP-based services</b></p> <ul style="list-style-type: none"> <li>• VoIP</li> <li>• Mobile / homezoning</li> <li>• xDSL</li> <li>• IPTV</li> </ul>	<p><b>Value-added services</b></p> <ul style="list-style-type: none"> <li>HotSpots van KPN</li> <li>Music Stream</li> <li>shoo bidoo</li> <li>pluk</li> <li>KlasseTV Elke les leuker</li> </ul>	<p><b>Voice</b></p> <ul style="list-style-type: none"> <li>• PSTN / ISDN</li> <li>• Mobile</li> </ul>		<p><b>Data</b></p> <ul style="list-style-type: none"> <li>• ADSL</li> <li>• IP-VPN</li> <li>• X.25</li> <li>• ATM</li> <li>• Frame Relay</li> <li>• Leased lines</li> <li>• Digi Access</li> <li>• ...</li> </ul>	<p><b>IP-based services</b></p> <ul style="list-style-type: none"> <li>• VoIP</li> <li>• VoIP Connect</li> <li>• Mobile</li> <li>• xDSL</li> <li>• IP Centrex</li> <li>• IP-VPN</li> <li>• E-VPN</li> </ul>	<p><b>Value-added services</b></p> <ul style="list-style-type: none"> <li>E-Zorg</li> <li>Applicaties Online</li> <li>QB NN eYe-Display SOLUTIONS</li> <li>School Online</li> <li>kpn Inbeeld</li> </ul>

     Phase out

# Capex

Additional Capex for All-IP network lowered to €0.9 bn



- Additional Capex during All-IP transformation period estimated at €0.9 bn
- Lower than previously announced range of €1.0 – 1.5 bn

# Real estate

Releasing funds for All-IP and unlocking value of non-core assets

## Background

- Changed and reduced technical housing requirements due to All-IP
- Critical buildings only partly vacated as they contain key infrastructure
- Cash proceeds from technical buildings to be used to fund All-IP roll-out

## Sale process

- Top portfolio to be sold either in straight sale(s) or through JV
- Aiming to maintain a share in redevelopment opportunities
- € 1 bn market value to be released (including limited contribution from other (real estate) assets)

Real estate portfolio

Category	Number of Properties	Area (sqm x 1,000)
Top	456	807
Tail	935	139
<b>Total</b>	<b>1,391</b>	<b>947</b>

# Restructuring on track

## Cumulative savings announced in March 2005

	Opex savings € mn	Staff reduction FTEs
2005	150	~ 1,600
2006	300	~ 3,200
2007	450	~ 4,800
2008	650	~ 6,400
2009	850	~ 8,000

## Current status

- FTE reductions somewhat ahead of plan
  - Over 3,600 FTEs since year end 2004
- Actual Opex savings somewhat below plan
  - Phase-out traditional IT systems and platforms ongoing
  - More expensive equipment, e.g. gateways and routers
  - Temporarily higher operating costs for IP-based services
- Higher savings anticipated in 2007-2009 to meet targets

## Agenda

Chairman's review	Ad Scheepbouwer, Chairman and CEO
Financial review	Marcel Smits, CFO
<b>Operating review</b>	<b>Ad Scheepbouwer, Chairman and CEO</b>
	Fixed
	<b>Mobile</b>
Concluding remarks	Ad Scheepbouwer, Chairman and CEO

# E-Plus

## Challenger strategy delivering profitable growth

### Position mid 2005

- Market
  - Dominated by T-Mobile and Vodafone
  - High mobile premium
  - Low mobile share of voice traffic
- E-Plus
  - Low market share
  - High acquisition costs relative to ARPU
  - Limited number of captive channels
  - Under deployed and underutilized network

### Current position

- Delivering profitable growth
  - Market share service revenues up 1.6% points
  - ~10% service revenue growth, EBITDA margin >30%
- Multi-brands addressing individual segments
  - ~4.3 mn new subscribers with strong awareness
  - 10 MVNOs with new and strong distribution channels
  - Significantly higher MoU (+200%), ARPU (+50%)<sup>1</sup>
- Distribution model changed
  - Branded reseller agreement with Aldi
  - SAC/SRC down ~40%, pay-back less than 6 months
- Indoor coverage up 7% through E-GSM

### Next steps

- Further up-scaling new brands and wholesale partners for individual segments
- Investments in (indoor) capacity to meet Fixed-Mobile substitution demand
- Stronger customer focus via staff restructuring and outsourcing

<sup>1</sup> Propositions related to new brands, compared to E-Plus brand

# KPN Mobile the Netherlands

Strengthened market leadership and improved profitability

## Position 2004

- Pressure on all key metrics
  - Market share
  - Revenue
  - EBITDA margin
- Focus on EBITDA (margin)
- Underrepresented in youth & value for money segment
- Limited presence in external retail channels

## Current position

- Market outperformance following Post Paid focus
  - Service revenue share up ~10% points
  - >5% organic service revenue growth
- Multi-brands covering all segments
  - Value leader in youth segment with “Hi”
  - Value for money and wholesale strengthened through Telfort acquisition
- Captive channels expanded, position external retail channels enhanced

## Next steps

- Capitalize on synergy from Telfort network integration
- Enhance profitability through SAC reductions
- Capture benefits of Fixed-Mobile integration

# BASE

Successful turnaround through challenger strategy, next growth phase launched

## Position 2002

- Outrun and outnumbered by competition
  - Low market share
  - High acquisition costs compared to ARPU
  - Underdeployed and underutilized network
  - Generating negative cash flow
- Distribution and market dominated by competition
- Weak brand image and product line

## Current position

- Successful turnaround
  - Market share up 7 percentage points
  - Service revenue more than doubled
  - EBITDA margin from below 10% to high thirties
- Multibrands and differentiated propositions
  - Strong brand awareness for BASE
  - Individual segments directly or via wholesale
- FTEs more than halved, partly outsourced
- Competitive (indoor) network coverage

## Next steps

- Further develop wholesale, expand distribution and improve network
- Improve market share in regions where BASE is underrepresented
- Deploy UMTS / EDGE for new service revenue

## Agenda

Chairman's review	Ad Scheepbouwer, Chairman and CEO
Financial review	Marcel Smits, CFO
Operating review	Ad Scheepbouwer, Chairman and CEO
<b>Concluding remarks</b>	<b>Ad Scheepbouwer, Chairman and CEO</b>

## Concluding remarks

- Raised 2006 guidance met on all metrics
- Continued strong performance in challenging markets
- Delivery of strategic objectives on track
- Increased confidence and visibility on medium-term prospects
- Shareholder returns of € 2 bn for 2007

# Q & A



# Annex

*For further information please contact*

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[www.kpn.com](http://www.kpn.com)

## Guidance reconciliation

Revenues and other income <sup>1</sup>	Q4		FY	
€ mn	2006	2005	2006	2005
<b>Reported</b>	<b>3,039</b>	<b>3,166</b>	<b>12,057</b>	<b>11,936</b>
Book gains	-6	-110	-74	-110
<b>Comparison with guidance</b>	<b>3,033</b>	<b>3,056</b>	<b>11,983</b>	<b>11,826</b>
	<b>-0.8%</b>		<b>1.3%</b>	

EBITDA <sup>1,2</sup>	Q4		FY	
€ mn	2006	2005	2006	2005
<b>Reported</b>	<b>1,152</b>	<b>1,319</b>	<b>4,837</b>	<b>4,724</b>
Book gains	-6	-110	-74	-110
Pension curtailment		-83		-83
Restructuring charges	24	34	71	92
Telfort integration costs	6		24	
Brand unification costs	2		16	
<b>Comparison with guidance</b>	<b>1,178</b>	<b>1,160</b>	<b>4,874</b>	<b>4,623</b>
	<b>1.6%</b>		<b>5.4%</b>	

1 Excluding restructuring charges and book gains / losses over €20 mn, brand unification costs and Telfort integration costs

2 Defined as Operating result plus depreciation, amortization & impairments

## Notable items FY '06

Revenue and other income € mn	FY '06			
	Group	Mobile	Fixed	Other
<b>Reported</b>	<b>12,057</b>	<b>6,450</b>	<b>6,647</b>	<b>149</b>
Book gain NTT DoCoMo Book gains subsidiaries	-74			-74
<b>According to guidance</b>	<b>11,983</b>	<b>6,450</b>	<b>6,647</b>	<b>75</b>

FY '05			
Group	Mobile	Fixed	Other
<b>11,936</b>	<b>5,857</b>	<b>6,883</b>	<b>255</b>
-110	-110		
<b>11,826</b>	<b>5,747</b>	<b>6,883</b>	<b>255</b>

EBITDA € mn	Group	Mobile	Fixed	Other
<b>Reported</b>	<b>4,837</b>	<b>2,235</b>	<b>2,574</b>	<b>28</b>
Book gain NTT DoCoMo Book gains subsidiaries	-74			-74
Pension curtailment				
Restructuring charges	71	22	29	20
Telfort integration costs	24	24		
Brand unification costs	16			16
<b>According to guidance</b>	<b>4,874</b>	<b>2,281</b>	<b>2,603</b>	<b>-10</b>

Group	Mobile	Fixed	Other
<b>4,724</b>	<b>1,835</b>	<b>2,792</b>	<b>97</b>
-110	-110		
-83		-20	-63
92	3	54	35
<b>4,623</b>	<b>1,728</b>	<b>2,826</b>	<b>69</b>

## Notable items Q4 '06

Revenue and other income € mn	Q4 '06			
	Group	Mobile	Fixed	Other
<b>Reported</b>	<b>3,039</b>	<b>1,661</b>	<b>1,680</b>	<b>23</b>
Book gain NTT DoCoMo Book gains subsidiaries	-6			-6
<b>According to guidance</b>	<b>3,033</b>	<b>1,661</b>	<b>1,680</b>	<b>17</b>

Q4 '05			
Group	Mobile	Fixed	Other
<b>3,166</b>	<b>1,680</b>	<b>1,734</b>	<b>52</b>
-110	-110		
<b>3,056</b>	<b>1,570</b>	<b>1,734</b>	<b>52</b>

EBITDA € mn	Group	Mobile	Fixed	Other
<b>Reported</b>	<b>1,152</b>	<b>566</b>	<b>606</b>	<b>-20</b>
Book gain NTT DoCoMo Book gains subsidiaries	-6			-6
Pension curtailment				
Restructuring charges	24	-2	18	8
Telfort integration costs	6	6		
Brand unification costs	2			2
<b>According to guidance</b>	<b>1,178</b>	<b>570</b>	<b>624</b>	<b>-16</b>

Group	Mobile	Fixed	Other
<b>1,319</b>	<b>583</b>	<b>654</b>	<b>82</b>
-110	-110		
-83		-20	-63
34	1	27	6
<b>1,160</b>	<b>474</b>	<b>661</b>	<b>25</b>

## Accounting policy for derivatives

<b>Profit attributable to equity holders 2006</b> € mn	<b>FY</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>
<b>Before change of accounting policy</b>	<b>1,628</b>	<b>435</b>	<b>346</b>	<b>464</b>	<b>383</b>
<ul style="list-style-type: none"> <li>• Adjustment for accounting policy on derivatives</li> <li>• Tax effect</li> </ul>	-61 16	-9 1	-10 3	-42 12	0 0
<b>After change of accounting policy</b>	<b>1,583</b>	<b>427</b>	<b>339</b>	<b>434</b>	<b>383</b>

<b>Profit attributable to equity holders 2005</b> € mn	<b>FY</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>
<b>Before change of accounting policy</b>	<b>1,437</b>	<b>604</b>	<b>329</b>	<b>230</b>	<b>274</b>
<ul style="list-style-type: none"> <li>• Adjustment for accounting policy on derivatives</li> <li>• Tax effect</li> </ul>	0 0	21 -7	-9 3	-5 2	-7 2
<b>After change of accounting policy</b>	<b>1,437</b>	<b>618</b>	<b>323</b>	<b>227</b>	<b>269</b>

# Analysis of results

## Noteworthy items for results interpretation

€ mn		Q4 '06	Q4 '05	FY '06	FY '05
Revenue effect MTA tariff reduction	Group	-48	-67	-243	-262
EBITDA effect MTA tariff reduction	Group	-13	-29	-84	-121
Book gain NTT DoCoMo	Mobile		110		110
Book gain on sale of subsidiaries	Other	6		82	21
Book gain on sale of real estate	Fixed	2		25	20
Release pension provision	Other		83		83
Restructuring charges	Group	-24	-34	-71	-92
Telfort integration costs	KPN M NL	-6		-24	
Brand unification costs	Other	-2		-16	
Fixed-Mobile integration	Other	-11		-11	
Reassessment balances due	Fixed	-23		-23	
OPTA fine and settlement	Fixed		-35		-35
Energy tax reimbursement	Fixed			20	
Release NMa claims	KPN M NL			11	
D&A effect Telfort network integration	KPN M NL	-55		-109	
Goodwill adjustment due to fiscal restructuring	KPN M NL	-175		-175	
Goodwill impairment SNT	Fixed				-40
Interest effect Telfort network integration	KPN M NL			-4	

## Impact MTA reduction<sup>1</sup>

€ mn	Q4 '06		FY '06	
	Revenues	EBITDA <sup>2</sup>	Revenues	EBITDA <sup>2</sup>
KPN Mobile NL	-18	-9	-87	-39
E-Plus	-16	-1	-99	-42
BASE	-5	-3	-5	-3
<b>Total Mobile</b>	<b>-39</b>	<b>-13</b>	<b>-191</b>	<b>-84</b>
Consumer	-4		-21	
Business	-4		-23	
Wholesale & Operations	-22		-114	
<b>Total Fixed</b>	<b>-30</b>		<b>-158</b>	
Intercompany	-21		-106	
<b>KPN Group</b>	<b>-48</b>	<b>-13</b>	<b>-243</b>	<b>-84</b>

### MTA tariff reductions

- KPN Mobile NL (excl. Telfort): lowered from 13.0 to 11.0 cents as of 1 December 2005
- E-Plus: lowered from 12.4 to 9.9 cents as of 23 November 2006
- BASE: lowered from 19.6 to 15.8 cents as of 1 November 2006

<sup>1</sup> Additional decline compared to 2005

<sup>2</sup> Defined as Operating result plus depreciation, amortization & impairments

# Status update MTA

## The Netherlands

## Belgium

## Germany

Regulatory proposal	
The Netherlands	<ul style="list-style-type: none"> <li>Dutch court<sup>1</sup> annulled OPTA's proposal to lower tariffs in 3 linear steps by July 2008               <ul style="list-style-type: none"> <li>KPN, Vodafone: from 11.0 to 5.50 cents</li> <li>Orange, T-Mobile: from 12.4 to 7.09 cents</li> </ul> </li> </ul>
Belgium	<ul style="list-style-type: none"> <li>Lowering in 4 steps by July 2008               <ul style="list-style-type: none"> <li>Until 30 Oct 2006: 19.60 cents</li> <li>As of 1 Nov 2006: 15.81 cents</li> <li>As of 1 May 2007: 12.76 cents</li> <li>As of 1 Jan 2008: 11.82 cents suspended</li> <li>As of 1 Jul 2008: 10.41 cents suspended</li> </ul> </li> </ul>
Germany	<ul style="list-style-type: none"> <li>BNetzA imposed tariffs for 23 November 2006 to 30 November 2007 based on benchmarking               <ul style="list-style-type: none"> <li>T-Mobile, Vodafone: from 11.0 to 8.78 cents</li> <li>E-Plus, O<sub>2</sub>: from 12.4 to 9.94 cents</li> </ul> </li> </ul>

Current status
<ul style="list-style-type: none"> <li>Current tariffs still valid               <ul style="list-style-type: none"> <li>KPN 11.0 cents</li> <li>Telfort 12.4 cents</li> </ul> </li> <li>OPTA resumed market analyses; new regulation expected by 1 July 2007</li> </ul>
<ul style="list-style-type: none"> <li>EU Commission advises less asymmetry</li> <li>BIPT will review 2008 tariffs in 2007</li> </ul>
<ul style="list-style-type: none"> <li>All mobile operators have appealed against new tariffs</li> <li>BNetzA will develop cost model for future regulation</li> </ul>

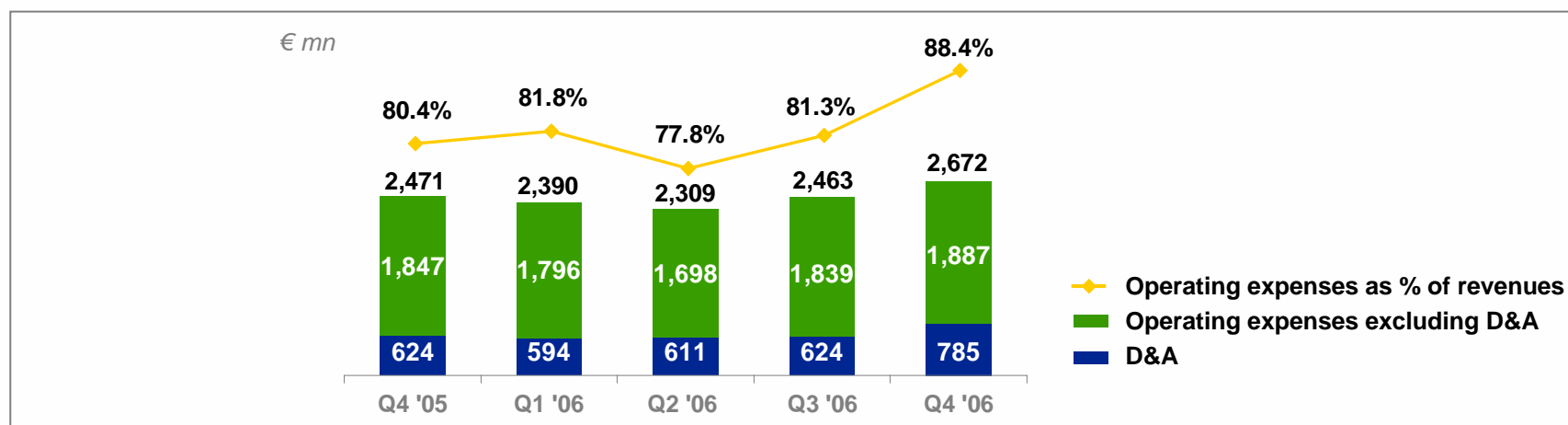
<sup>1</sup> CBb: Dutch Trade and Industry Appeals Tribunal

## Restructuring charges

€ mn	Q4 '06	FY '06
E-Plus	2	-21
KPN Mobile NL	-	-1
BASE	-	-
<b>Total Mobile</b>	<b>2</b>	<b>-22</b>
Consumer	-	-2
Business	-	-2
Wholesale & Operations	-18	-25
<b>Total Fixed</b>	<b>-18</b>	<b>-29</b>
Other	-8	-20
<b>KPN Group</b>	<b>-24</b>	<b>-71</b>

# Operating expenses

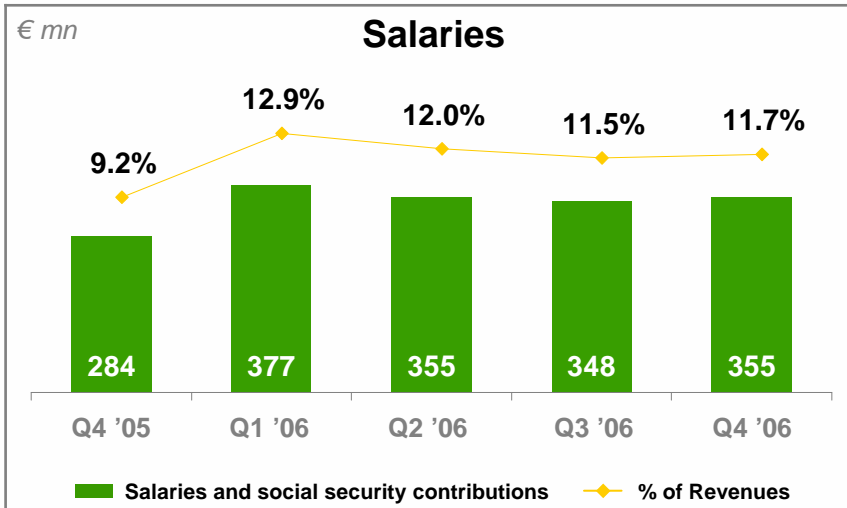
€ mn	Q4 '06	Q4 '05	%
Salaries and social security contributions	355	284	25.0%
Cost of materials	266	281	-5.3%
Work contracted out and other expenses	1,078	1,054	2.3%
Own work capitalized	-26	-35	-25.7%
Other operating expenses	214	263	-18.6%
Depreciation <sup>1</sup>	439	483	-9.1%
Amortization <sup>1</sup>	346	141	>100%
<b>Total</b>	<b>2,672</b>	<b>2,471</b>	<b>8.1%</b>



<sup>1</sup> Including impairments

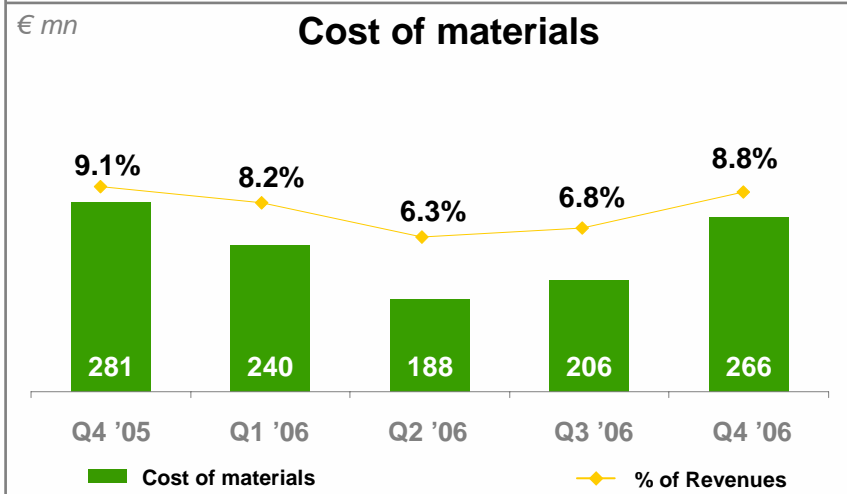
# Analysis operating expenses

## Salaries & Cost of materials



### Y-on-Y increase

- €83 mn pension curtailment in Q4 '05
- Continued headcount reduction, partly offset by acquisitions



### Y-on-Y decrease

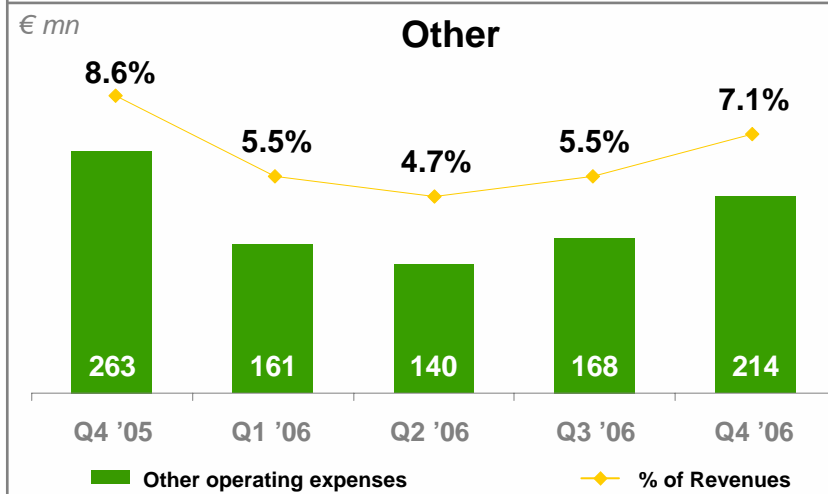
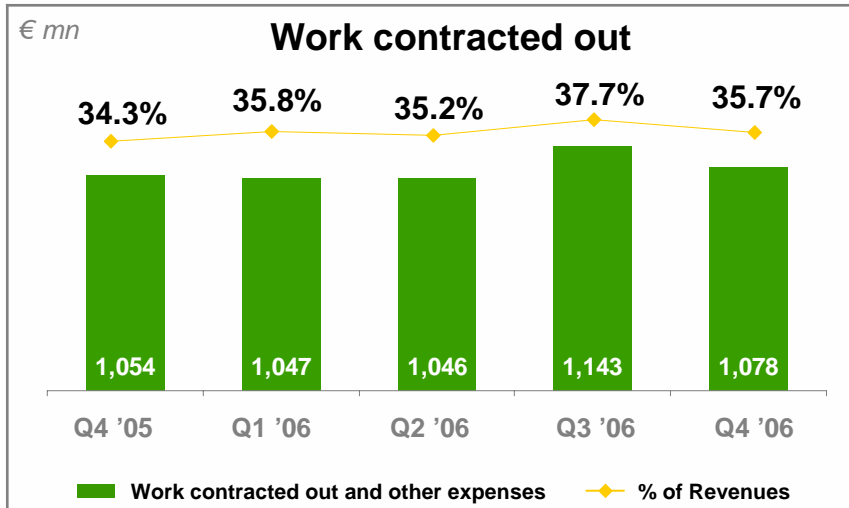
- Less handset sales due to SIM-only offers (Simyo, BASE) and branded reseller agreements

### Q-on-Q increase

- Higher handset sales due to increase in (Post Paid) gross adds at Mobile
- Effect of acquisitions in Consumer and Business

# Analysis operating expenses

## Work contracted out & other



### Y-on-Y increase

- Higher traffic volumes Mobile
- Partly offset by MTA and lower traffic volumes Fixed

### Q-on-Q decrease

- Seasonal effect of higher roaming charges in Q3 '06

### Y-on-Y decrease

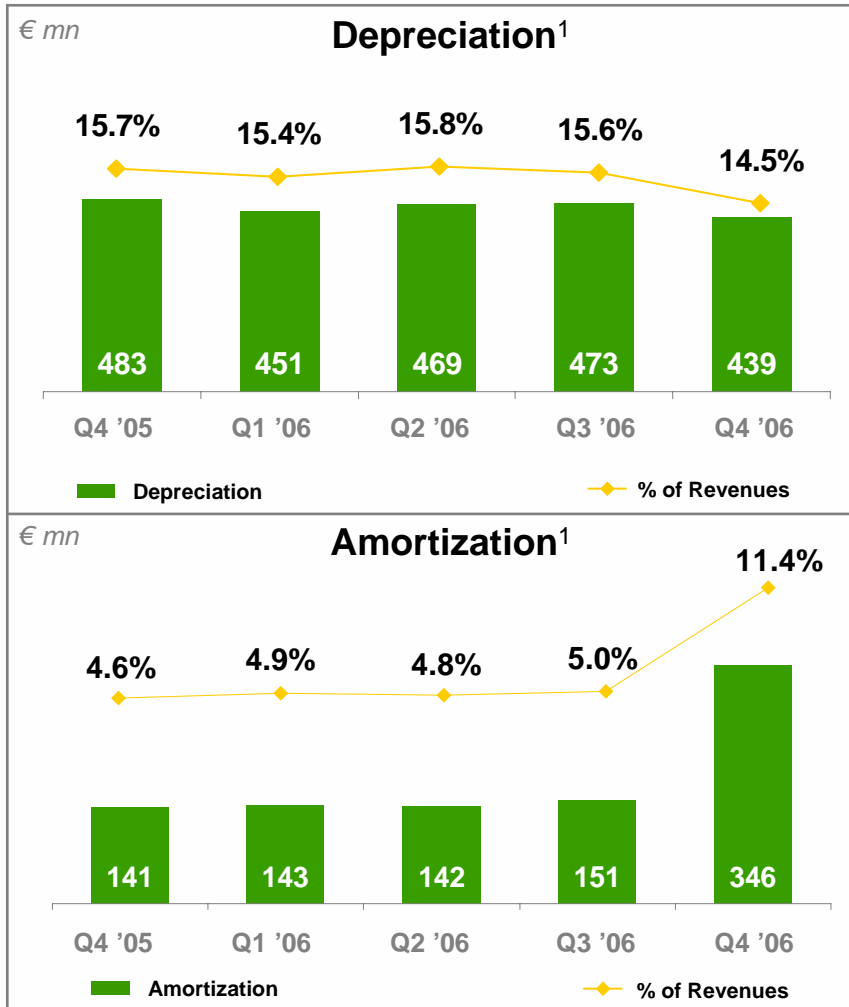
- € 35 mn OPTA fine and settlement at Fixed Business in Q4 '05

### Q-on-Q increase

- € 11 mn Fixed-Mobile integration costs
- Step-up in marketing efforts

# Analysis operating expenses

## Depreciation & Amortization



### Y-on-Y decrease

- Fixed depreciation is trending down due to lower Capex spending in prior years
- Lower asset base due to accelerated D&A Telfort following network integration

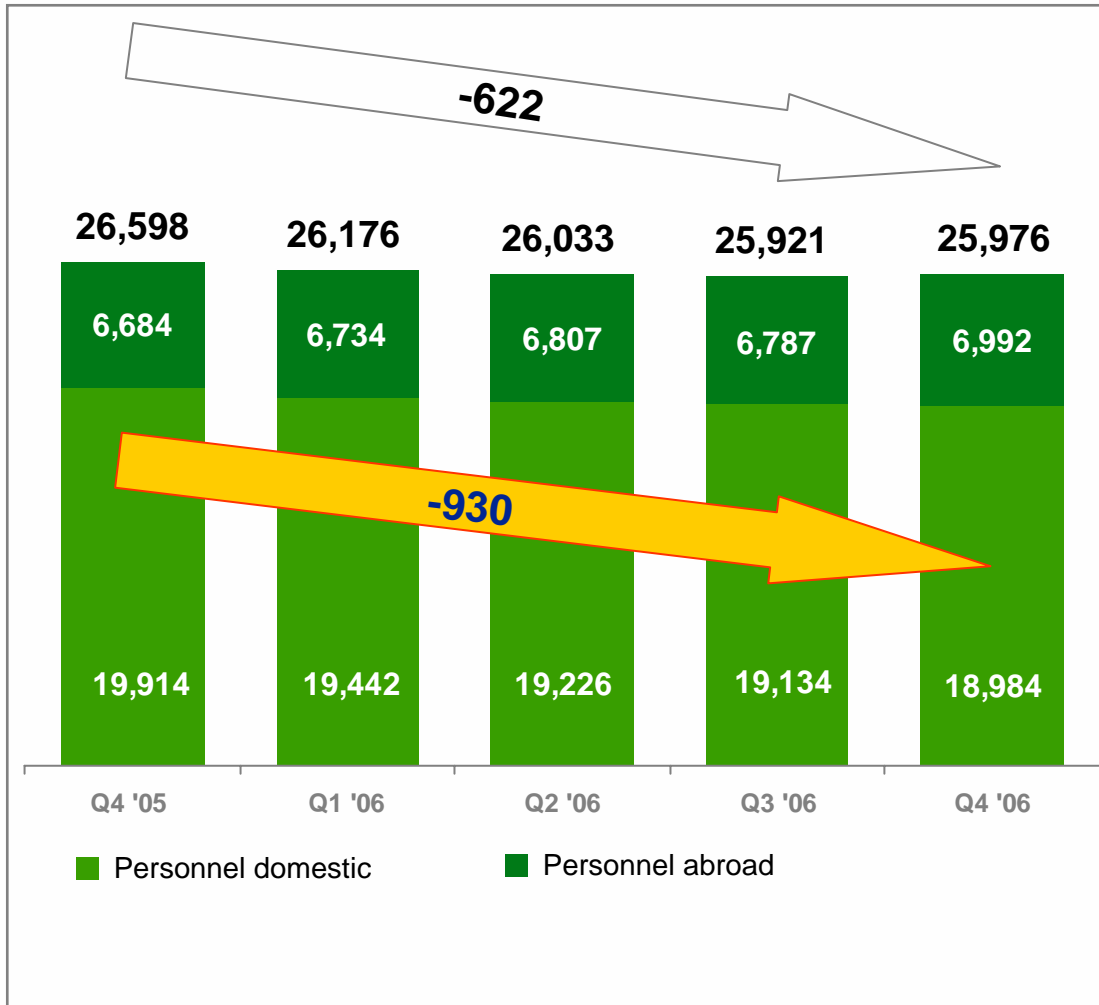
### Y-on-Y & Q-on-Q increase

- € 175 mn goodwill adjustment following Telfort fiscal restructuring

1 Including impairments

# Personnel

Continuing decline, predominantly in the Netherlands



- Personnel reduction Y-on-Y of 622 FTE, of which 930 in the Netherlands
- Y-on-Y acquisition effects in the Netherlands of 629 FTE
- Excluding acquisition effects, Y-on-Y reduction in the Netherlands of above 1,500 FTE
- Q4 acquisition effects is 56 FTE

# Tax

€ mn	Q4 '06		Q4 '05	
Fiscal units	P&L impact	Payments (-) Receipts (+)	P&L impact	Payments (-) Receipts (+)
Fixed division & Other activities	-114	-65	-109	-5
German Mobile activities	37	-	9	-
Dutch Mobile activities	312	-	40	-
– Mobile NV	257	-	30	-
– Telfort BV	55	-	10	-
Belgian Mobile activities	-15	-	122	-
<b>Total</b>	<b>220</b>	<b>-65</b>	<b>62</b>	<b>-5</b>

Positive P&L charge in Q4 '06 attributable to

- € 100 mn net effect in income tax following Telfort fiscal reorganization
- € 148 mn decrease of net deferred tax position due to lower Dutch tax rate
  - Tax loss in Fixed division and Other activities (- € 75 mn)
  - Tax benefit in Dutch mobile activities (€ 233 mn)
- € 65 mn tax payment following settlement on historic years
- € 122 mn increased DTA following improved business plan BASE in Q4 '05

## Net cash flow from operating activities

€ mn	Q4 '06	Q4 '05	FY '06	FY '05
<b>Operating Result</b>	<b>367</b>	<b>695</b>	<b>2,223</b>	<b>2,348</b>
Depreciation, amortization and impairments	785	624	2,614	2,376
Interest paid	-228	-258	-479	-484
Income tax paid	-66	-5	147	-24
Other income	-17	-118	-116	-151
Change in provisions	-54	-120	-176	-248
<b>Net cash flow from operating activities before changes in working capital</b>	<b>787</b>	<b>818</b>	<b>4,213</b>	<b>3,817</b>
Inventory	10	-5	20	64
Trade receivables	14	45	8	21
Other current assets	66	93	-134	107
Current liabilities	-62	18	-36	-176
<b>Change in working capital</b>	<b>28</b>	<b>151</b>	<b>-142</b>	<b>16</b>
<b>Net cash flow from operating activities</b>	<b>815</b>	<b>969</b>	<b>4,071</b>	<b>3,833</b>
Capex <sup>1</sup>	533	469	1,650	1,394
<b>Free cash flow<sup>2</sup></b>	<b>282</b>	<b>500</b>	<b>2,421</b>	<b>2,439</b>

1 Including Property, Plant & Equipment and software

2 Defined as Net cash flow from operating activities minus Capex

## Total cash flow

€ mn	Q4 '06	Q4 '05	FY '06	FY '05
<b>Net cash flow from operating activities</b>	<b>815</b>	<b>969</b>	<b>4,071</b>	<b>3,833</b>
Capex <sup>1</sup>	-533	-469	-1,650	-1,394
Acquisitions	-10	-1,021	-370	-1,031
Disposals	21	16	128	208
Other	5	-9	14	11
<b>Net cash flow from investing activities</b>	<b>-517</b>	<b>-1,483</b>	<b>-1,878</b>	<b>-2,206</b>
Dividends paid	0	0	-982	-890
Share repurchases	-101	-468	-1,615	-1,697
Debt financing	-111	-981	553	-312
Other	15	-12	20	-19
<b>Net cash flow used in financing activities</b>	<b>-197</b>	<b>-1,461</b>	<b>-2,024</b>	<b>-2,918</b>
<b>Changes in cash and cash equivalents</b>	<b>101</b>	<b>1,975</b>	<b>169</b>	<b>-1,291</b>

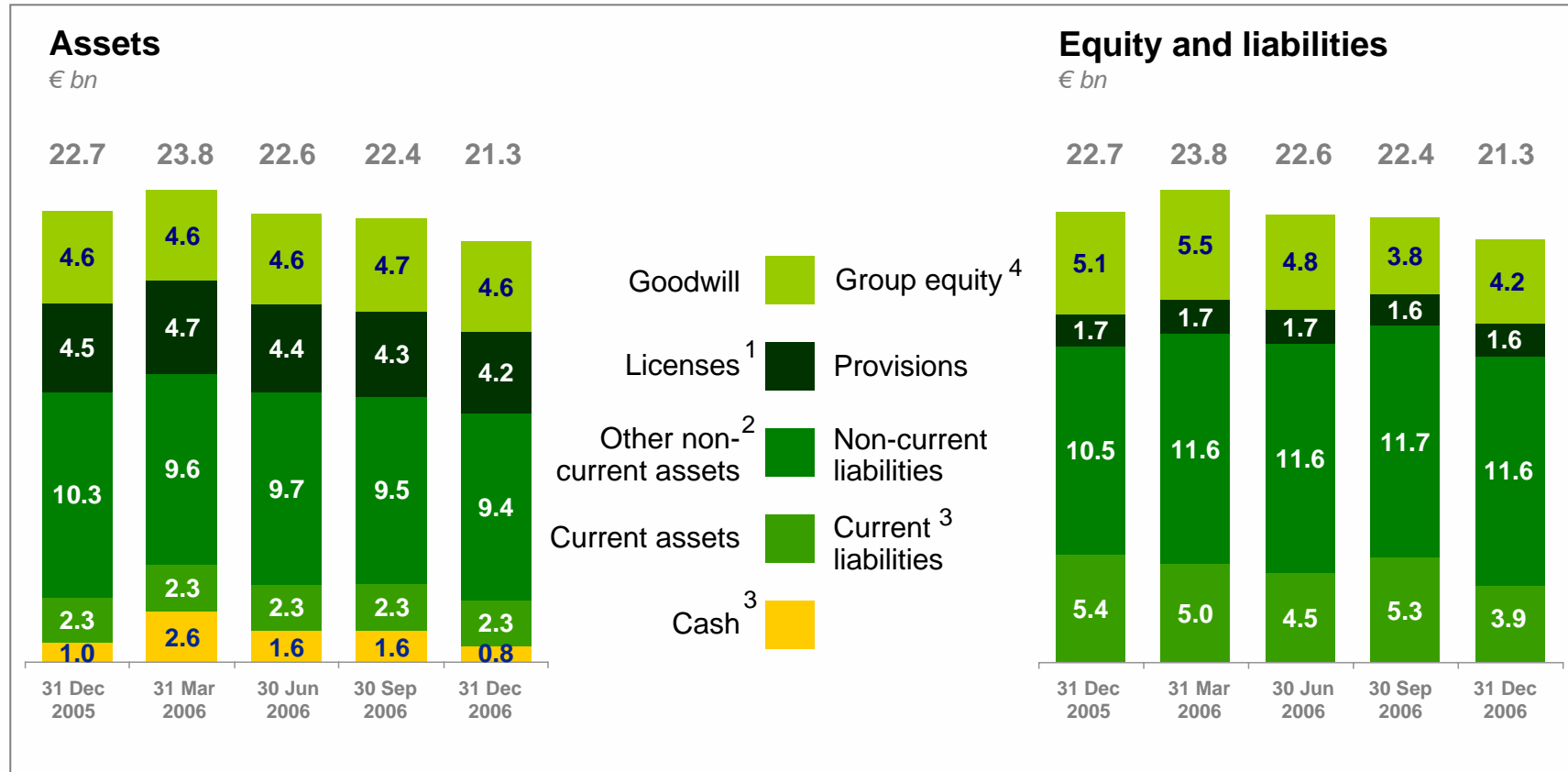
<sup>1</sup> Including Property, Plant & Equipment and software

# Capex<sup>1</sup>

€ mn	Q4 '06	Q4 '05	%	FY '06	FY '05	%
<b>Mobile</b>	<b>233</b>	<b>235</b>	<b>-0.9%</b>	<b>830</b>	<b>678</b>	<b>22.4%</b>
<i>% Revenues Mobile</i>	<i>14.0%</i>	<i>14.7%</i>		<i>12.9%</i>	<i>11.7%</i>	
E-Plus	119	138	-13.8%	486	401	21.2%
<i>% Revenues E-Plus</i>	<i>15.9%</i>	<i>18.9%</i>		<i>16.8%</i>	<i>14.3%</i>	
KPN Mobile NL	81	49	65.3%	218	159	37.1%
<i>% Revenues KPN Mobile NL</i>	<i>10.6%</i>	<i>6.7%</i>		<i>7.3%</i>	<i>6.4%</i>	
BASE	29	47	-38.3%	123	117	5.1%
<i>% Revenues BASE</i>	<i>18.4%</i>	<i>31.5%</i>		<i>19.8%</i>	<i>21.4%</i>	
<b>Fixed</b>	<b>283</b>	<b>232</b>	<b>22.0%</b>	<b>791</b>	<b>706</b>	<b>12.0%</b>
<i>% Revenues Fixed</i>	<i>16.9%</i>	<i>13.4%</i>		<i>12.0%</i>	<i>10.3%</i>	
Consumer	84	44	90.9%	200	59	>200%
<i>% Revenues Consumer</i>	<i>15.0%</i>	<i>7.5%</i>		<i>8.8%</i>	<i>2.5%</i>	
Business	51	37	37.8%	104	64	62.5%
<i>% Revenues Business</i>	<i>7.9%</i>	<i>5.5%</i>		<i>4.1%</i>	<i>2.4%</i>	
Wholesale & Operations	148	146	1.4%	483	578	-16.4%
<i>% Revenues Wholesale &amp; Operations</i>	<i>12.4%</i>	<i>11.7%</i>		<i>10.2%</i>	<i>11.6%</i>	
<b>Other</b>	<b>17</b>	<b>2</b>	<b>&gt;200%</b>	<b>29</b>	<b>10</b>	<b>&gt;100%</b>
<b>Total</b>	<b>533</b>	<b>469</b>	<b>13.6%</b>	<b>1,650</b>	<b>1,394</b>	<b>18.4%</b>
<i>% Revenues</i>	<i>17.6%</i>	<i>15.3%</i>		<i>13.8%</i>	<i>11.8%</i>	

1 Including Property, Plant & Equipment and software

# Balance sheet



- 1 Including other intangibles
- 2 Including Property, Plant & Equipment and software
- 3 Both cash and gross debt include approximately €0.4 bn of non-netted cash balances per Q4 '06
- 4 Including minority interest

## Share buyback progress

€ 1.6 bn share repurchases including share repurchases from Dutch State

- € 1.6 bn share repurchases, exceeding announcement in February
  - € 0.8 bn share repurchases from Dutch State in September
  - € 1 bn program finalized at € 759 mn upon transaction with Dutch State

Date <sup>1</sup>	Value (€ mn)	Shares (mn)	Avg. share price (€)
Q1	37.1	4.0	9.27
Q2	422.6	46.6	9.07
July	90.0	10.3	8.74
August	143.4	15.2	9.43
September <sup>2</sup>	870.2	86.7	10.04
Q3	1,103.6	112.2	9.84
Q4	-	-	-
<b>Total</b>	<b>1,563.3</b>	<b>162.8</b>	<b>9.60</b>

- All 162.8 mn shares of the € 1 bn share repurchase program cancelled in Q4
- Number of outstanding shares amounts to 1,928,551,326

1 Figures based on transaction date of share repurchases

2 Including dividend tax of € 101 mn paid in Q4 '06

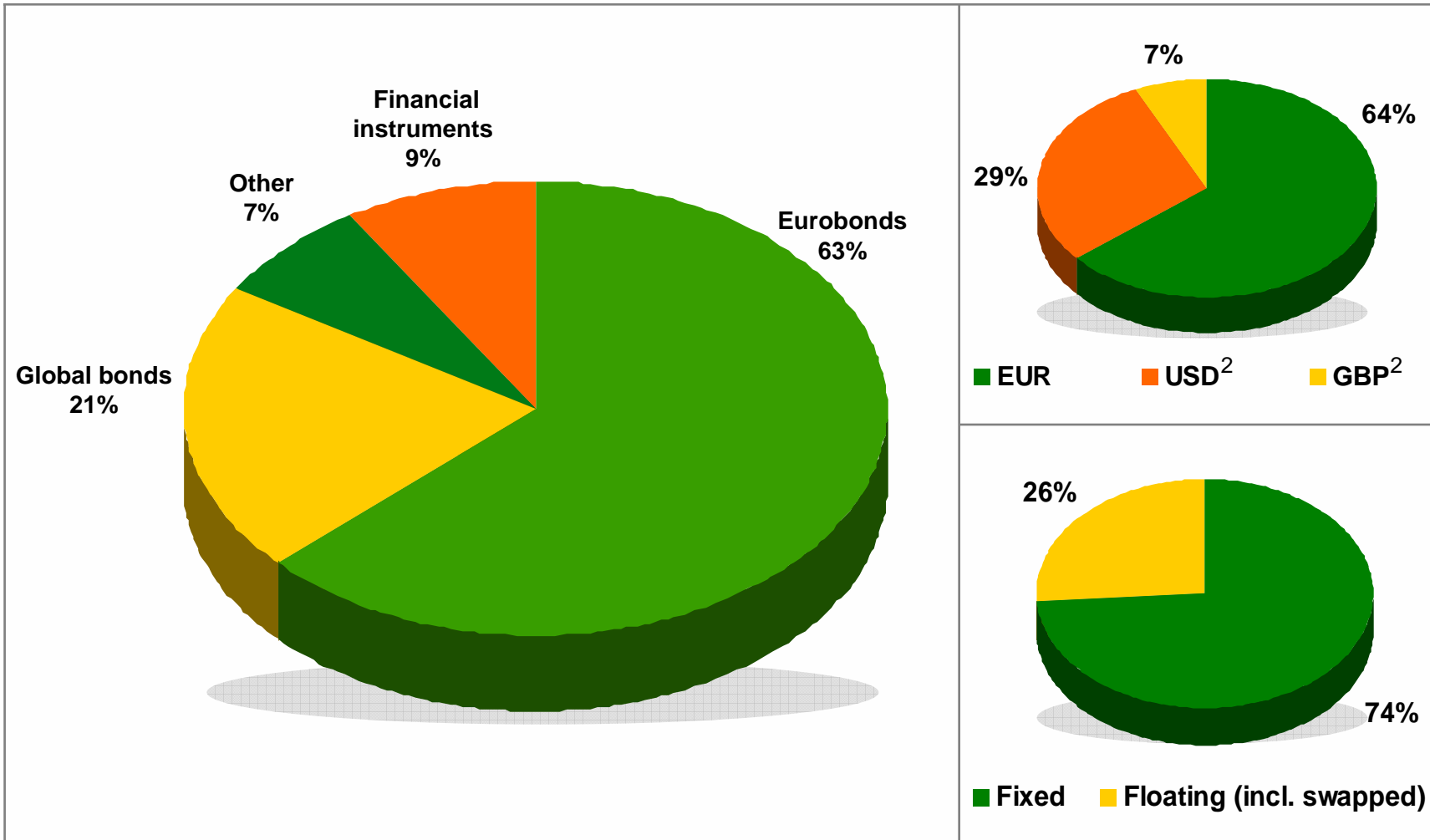
## Debt summary

€ bn	Q4 '06	Q3 '06	Q4 '05
<b>Bonds</b>	<b>8.39</b>	<b>8.19</b>	<b>8.01</b>
Subordinated convertible bonds	-	-	-
Eurobonds	6.31	6.02	5.64
Global bonds	2.08	2.17	2.37
<b>Other debt</b>	<b>0.68</b>	<b>1.91</b>	<b>1.26</b>
Other loans at Royal KPN <sup>1</sup>	0.63	1.86	1.16
Consolidated debt	0.05	0.05	0.10
<b>Fair value financial instruments</b>	<b>0.91</b>	<b>0.86</b>	<b>0.70</b>
<b>Total debt</b>	<b>9.98</b>	<b>10.96</b>	<b>9.97</b>
<i>– of which short-term</i>	<i>0.64</i>	<i>1.87</i>	<i>2.03</i>
Cash and cash equivalents <sup>1</sup>	0.80	1.56	1.07
<b>Total net debt</b>	<b>9.18</b>	<b>9.40</b>	<b>8.90</b>

<sup>1</sup> Both cash and gross debt include approximately €0.4 bn of non-netted cash balances per Q4 '06

# Debt portfolio

Breakdown of € 10.0 bn<sup>1</sup> gross debt

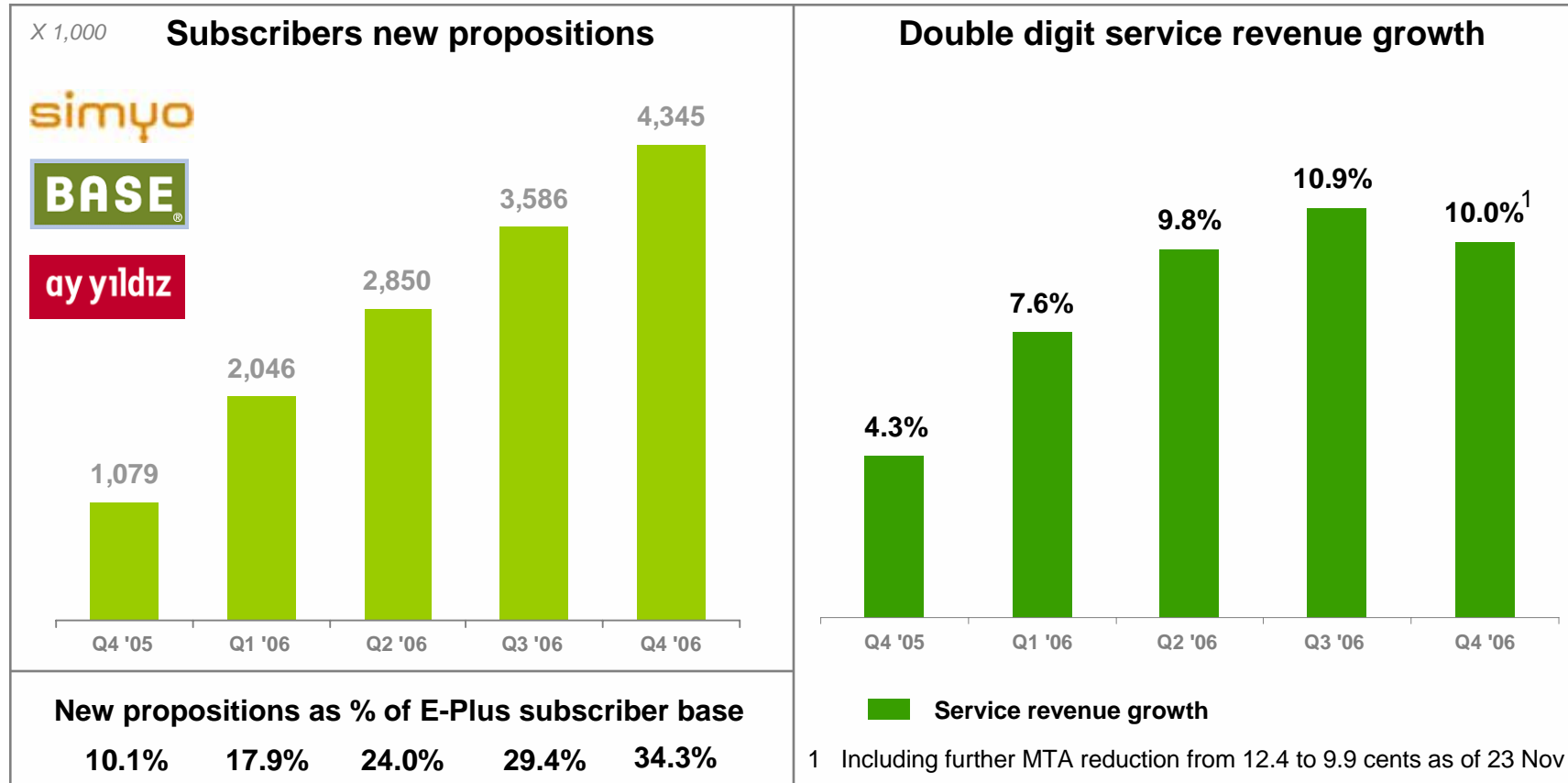


1 Book value of interest bearing financial liabilities plus the fair value of financial instruments related to these financial liabilities

2 Foreign currency amounts hedged into Euro

# E-Plus: impact of new strategy

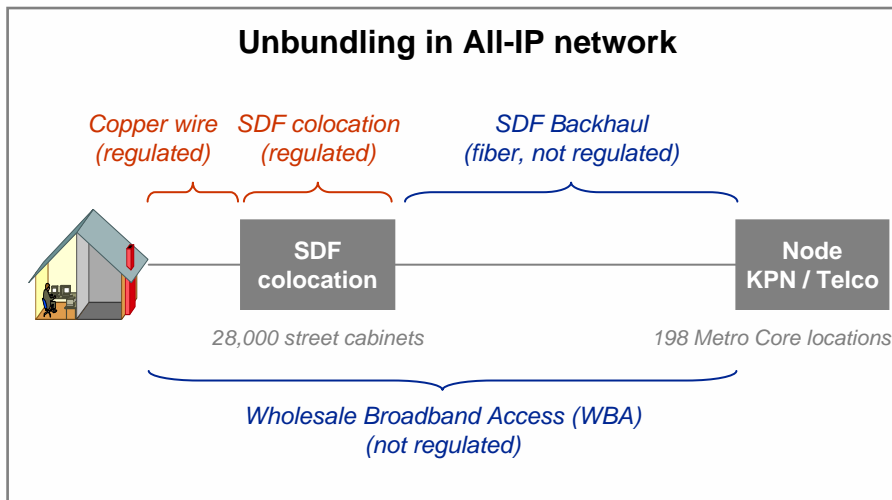
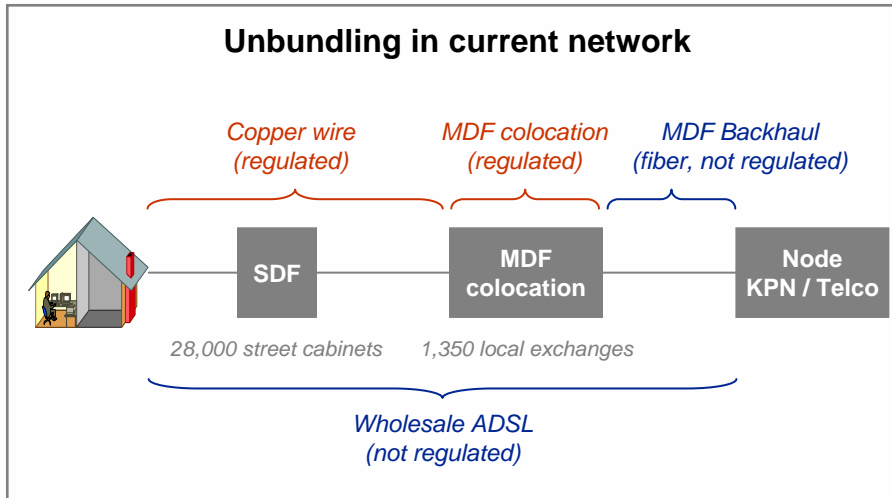
4.3 mn subscribers in new segments and ~10% service revenue growth



Attractive new propositions with ARPU significantly higher than E-Plus brand

# Regulation

## Unbundling tariffs as published by KPN



Category	Monthly tariffs
Line sharing	€ 0.74 / line
MDF Access	€ 8.35 / line
MDF collocation	€ 473 / footprint / year
MDF Backhaul	Deal pricing
Wholesale ADSL	€ 7.50 shared € 15.18 non-shared

Category	Monthly tariffs <sup>1</sup>
Line sharing	€ 3.56 / line
SDF Access	€ 8.33 / line
SDF collocation	€ 75-88 / cabinet One-off € 6,000-15,000
SDF Backhaul	Deal pricing
Wholesale Broadband Access (WBA)	€ 7.50 shared € 15.18 non-shared

<sup>1</sup> Reference offer published by KPN: Tariffs subject to regulatory approval by OPTA

# KPIs Fixed

## Consumer Voice

	Q4 '06	Q3 '06	Q4 '05
<b>Market share traditional voice<sup>1</sup></b>	<b>&gt; 65%</b>	<b>&gt; 65%</b>	<b>~ 65%</b>
– Local	~ 70%	~ 70%	> 65%
– National	~ 65%	> 60%	~ 60%
– Fixed to Mobile	~ 70%	> 65%	~ 65%
– International	> 40%	> 40%	> 40%
<b>Market share VoIP</b>	<b>36%</b>	<b>25%</b>	<b>3%</b>
<b>Market share voice<sup>2</sup></b>	<b>~ 60%</b>	<b>~ 60%</b>	<b>~ 60%</b>
<b>VoIP penetration<sup>3</sup></b>	<b>28%</b>	<b>22%</b>	<b>9%</b>
<b>Voice connections (x 1,000)</b>	<b>4,445</b>	<b>4,555</b>	<b>5,012</b>
– PSTN	3,554	3,872	4,518
– ISDN	374	413	481
– VoIP packages (Voice / Broadband)	517	270	13
<b>Net line loss (x 1,000)</b>	<b>-130</b>	<b>-140</b>	<b>-117</b>
<b>Minutes (bn)</b>	<b>2.19</b>	<b>2.17</b>	<b>2.74</b>
– Local	1.32	1.29	1.67
– National	0.56	0.56	0.70
– Fixed to Mobile	0.24	0.25	0.28
– International	0.07	0.07	0.09

1 Share in traditional voice (excluding VoIP)

2 Share in total consumer voice (including VoIP)

3 VoIP lines in % broadband connections, excluding peer-to-peer applications

4 PSTN / ISDN line loss -/- growth VoIP Consumer -/- growth ADSL only; management estimates

# KPIs Fixed

## Consumer Internet & TV

	Q4 '06	Q3 '06	Q4 '05
<b>Broadband penetration</b>	<b>69%</b>	<b>66%</b>	<b>58%</b>
<b>Broadband market share</b>			
KPN (ISP) retail <sup>1</sup>	40.9%	40.3%	36.1%
Broadband connections <sup>1</sup>	42.7%	42.7%	42.3%
DSL connections	70.5%	70.3%	70.1%
<b>ADSL connections (x 1,000)</b>	<b>2,135</b>	<b>2,023</b>	<b>1,740</b>
<b>KPN Broadband ISP customers (x 1,000)</b>	<b>2,044</b>	<b>1,911</b>	<b>1,485</b>
– Planet Internet	601	589	577
– Het Net	557	534	442
– XS4ALL	251	262	211
– Direct ADSL	469	401	197
– Other <sup>2</sup>	166	125	58
<b>KPN ISP customers (x 1,000)</b>	<b>2,051</b>	<b>1,997</b>	<b>1,997</b>
<b>Internet dial-up minutes (bn)</b>	<b>0.19</b>	<b>0.21</b>	<b>0.48</b>
<b>KPN TV subscribers (x 1,000)</b>	<b>265</b>	<b>245</b>	<b>184</b>

1 Including DSL and Cable, based on company estimate

2 Including acquired customers which will be migrated to one of KPN's multi-brands over time

# KPIs Fixed

## Business

	Q4 '06	Q3 '06	Q4 '05
<b>Market share voice</b>	> 55%	> 55%	> 55%
– Local	~ 60%	~ 60%	> 60%
– National	> 55%	> 55%	> 55%
– Fixed to Mobile	~ 55%	> 55%	> 55%
– International	~ 45%	~ 45%	~ 45%
<b>Access lines (x 1,000)</b>	<b>1,828</b>	<b>1,840</b>	<b>1,908</b>
– PSTN	905	915	965
– ISDN	923	925	943
<b>Minutes (bn)</b>	<b>1.97</b>	<b>1.91</b>	<b>2.39</b>
– Local	0.73	0.70	0.88
– National	0.67	0.63	0.78
– Fixed to Mobile	0.31	0.30	0.32
– Internet	0.15	0.17	0.29
– International	0.11	0.11	0.12
<b>Leased lines</b>	<b>40,491</b>	<b>42,406</b>	<b>47,651</b>
– Analogue	82%	82%	80%
– Digital	18%	18%	20%
<b>Business DSL (x 1,000)</b>	<b>54</b>	<b>45</b>	<b>24</b>
<b>VAS</b>			
Frame Relay (# ports)	2,889	2,935	3,451
M-VPN routers	11,191	11,199	11,673
IP-VPN connections	44,363	44,001	39,018
E-VPN connections	4,167	3,347	1,863

# KPIs Fixed

## Wholesale & Operations

	Q4 '06	Q3 '06	Q4 '05
<b>Local loop</b> (x 1,000)			
MDF access lines <sup>1</sup>	3,140	2,973	2,551
– of which line sharing <sup>1,2</sup>	2,167	2,258	2,349
<b>Unbundling</b> (x 1,000) <sup>3</sup>	<b>1,005</b>	<b>950</b>	<b>811</b>
– Shared unbundled lines	594	545	641
– Fully unbundled lines	411	405	170
<b>ADSL coverage</b>			
– ADSL	99%	99%	99%
– ADSL 2+	57%	57%	57%
<b>Minutes</b> (bn)	<b>10.05</b>	<b>9.69</b>	<b>10.42</b>
– Terminating services	3.26	3.03	3.44
– Originating voice	2.01	2.03	2.67
– Originating internet	0.19	0.20	0.40
– Transit services	2.34	2.07	1.85
– International wholesale services	2.25	2.36	2.06
Other / intercompany minutes (bn)	0.18	0.18	0.21

1 Including Bitstream

2 Includes KPN ADSL connections (installed), line sharing other telcos and KPN Bitstream

3 External lines based on management estimates

# KPIs Mobile

## E-Plus

	Q4 '06	Q3 '06	Q4 '05
<b>Market share<sup>1</sup></b>			
Service revenue	13.4%	13.2%	11.8%
Revenue	12.9%	12.7%	12.4%
Base	14.9%	14.8%	13.5%
<b>Customers (x 1,000)</b>	<b>12,654</b>	<b>12,215</b>	<b>10,748</b>
– Post Paid	6,005	5,938	5,574
– Pre Paid	6,649	6,277	5,174
<b>Service revenues (€ mn)</b>	<b>692</b>	<b>714</b>	<b>629</b>
<b>ARPU (€)</b>	<b>19</b>	<b>20</b>	<b>20</b>
– Post Paid	31	33	33
– Pre Paid	7	7	6
<b>Non-voice as % of ARPU</b>	<b>18%</b>	<b>17%</b>	<b>16%</b>
<b>MoU (minutes)</b>	<b>123</b>	<b>114</b>	<b>88</b>
– Post Paid	220	200	147
– Pre Paid	36	34	23
<b>SAC/SRC (€)</b>	<b>101</b>	<b>88</b>	<b>114</b>
– Post Paid	184	159	197
– Pre Paid	15	14	20

1 Management estimates

# KPIs Mobile

## KPN Mobile NL

	Q4 '06	Q3 '06	Q4 '05
<b>Market share<sup>1</sup></b>			
Service revenue	47.2%	47.5%	46.1%
Revenue	46.7%	47.3%	46.3%
Base	50.6%	50.3%	49.5%
<b>Customers (x 1,000)</b>	<b>8,642</b>	<b>8,483</b>	<b>8,072</b>
– Post Paid	3,855	3,717	3,260
– Pre Paid	4,787	4,766	4,812
<b>Service revenues (€ mn)</b>	<b>735</b>	<b>752</b>	<b>690</b>
<b>ARPU (€)</b>	<b>29</b>	<b>30</b>	<b>29</b>
– Post Paid	54	57	58
– Pre Paid	9	9	9
<b>Non-voice as % of ARPU</b>	<b>17%</b>	<b>17%</b>	<b>14%</b>
<b>MoU (minutes)</b>	<b>135</b>	<b>128</b>	<b>132</b>
– Post Paid	262	251	282
– Pre Paid	34	35	32
<b>SAC/SRC (€)</b>	<b>180</b>	<b>188</b>	<b>188</b>
– Post Paid	244	265	309
– Pre Paid	30	18	19

1 Management estimates, amongst others based on industry filings

# KPIs Mobile

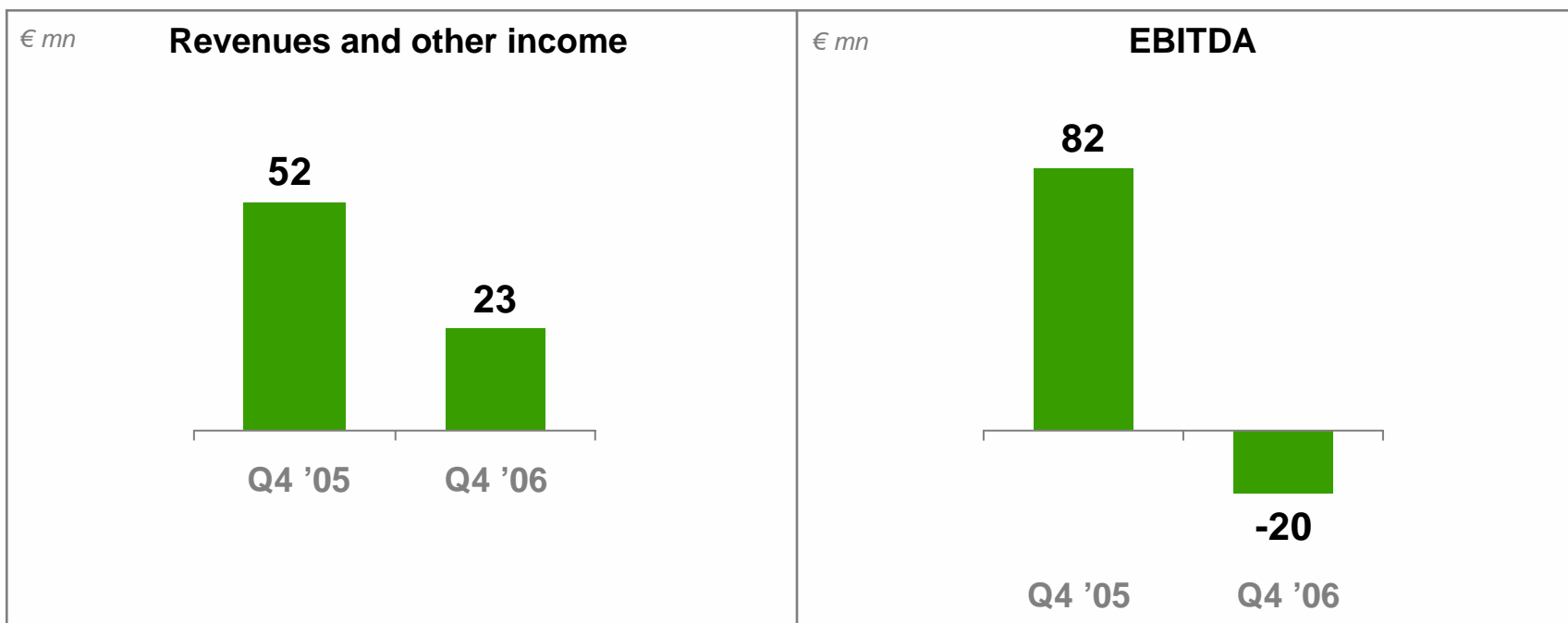
BASE<sup>1</sup>

	Q4 '06	Q3 '06	Q4 '05
<b>Market share<sup>2</sup></b>			
Revenue	>15%	~15%	>13%
Base	~22%	~21%	>19%
<b>Customers (x 1,000)</b>	<b>2,358</b>	<b>2,219</b>	<b>2,001</b>
– Post Paid	461	444	429
– Pre Paid	1,897	1,775	1,572
<b>Service revenues (€ mn)</b>	<b>157</b>	<b>159</b>	<b>146</b>
<b>ARPU (€)</b>	<b>23</b>	<b>25</b>	<b>25</b>
– Post Paid	58	64	60
– Pre Paid	14	15	16
<b>Non-voice as % of ARPU</b>	<b>15%</b>	<b>14%</b>	<b>14%</b>
<b>MoU (minutes)</b>	<b>135</b>	<b>129</b>	<b>128</b>
– Post Paid	392	356	346
– Pre Paid	71	71	72
<b>SAC/SRC (€)</b>	<b>20</b>	<b>17</b>	<b>35</b>
– Post Paid	50	45	53
– Pre Paid	13	13	22

1 Reclassification of wholesale partnerships as of Q1 '06, affecting Post Paid vs. Pre Paid breakdown

2 Management estimates

## Other in Q4



- Deconsolidation effect Xantic
  - Revenue € 39 mn
  - EBITDA € 12 mn
- € 63 mn pension curtailment in Q4 '05
- € 11 mn Fixed-Mobile integration costs
- € 8 mn restructuring charges (€ 6 mn in Q4 '05)